

**AMENDMENT TO THE CITY OF BATTLE CREEK BROWNFIELD
REDEVELOPMENT AUTHORITY BROWNFIELD PLAN FOR THE
50 WEST MICHIGAN AVE, LLC REDEVELOPMENT PROJECT**

August 20, 2019

Introduction

The purpose of this Brownfield Plan (the Plan), to be implemented by the Battle Creek Brownfield Redevelopment Authority (BCBRA; Authority), is to satisfy the requirements of Act 381 for including the eligible property in a Brownfield Plan. 50 West Michigan Ave, LLC ("50 West, the Developer") is proposing to rehabilitate the existing approximately 18,000 square-foot building located at 50 West Michigan Avenue (the "Property") into a rock climbing gym that will include climbing walls for beginners to advanced climbers and space for other fitness activities (the "Project").

The Project will include lead and asbestos abatement, interior and exterior demolition activities, site preparation activities and environmental activities. The Project is expected to commence in fall 2019 and be completed 9 to 12 months later. Total capital investment is estimated at approximately \$4 million. The Project is expected to generate approximately 5 full-time and part-time jobs.

The BCBRA proposes to implement this Plan to promote economic development and brownfield redevelopment within the City. The Project will significantly improve the overall use of the Property by replacing a currently vacant building with development that will bring new life to the site. This Plan allows the BCBRA to capture incremental taxes (tax increment revenues; TIR) generated by redevelopment of the Property for the reimbursement of the Developer (50 West) for the costs of eligible activities required to prepare the Property for safe redevelopment and reuse, reimbursement of the Authority's actual administrative and operations costs, and funding of the Authority's Local Brownfield Revolving Fund (LBRF). The capture and use of TIR generated by 50 West's redevelopment are necessary to ensure the economic viability of the Project.

Basis of Eligibility

The Property is eligible for inclusion in this Brownfield Plan in accordance with MCL 125.2652(p) because it was previously utilized for commercial purposes; is located within the City of Battle Creek, a qualified local governmental unit pursuant to Act 381; and it has been declared functionally obsolete by a Level 4 Assessor. In addition, benzo(a)pyrene, fluoranthene, arsenic, and mercury were measured in the soil and lead was measured in groundwater on the Property at concentrations above the MDEQ Part 201 Generic Cleanup Criteria (GCC); therefore, the Property also meets the definition of a "facility" under Part 201 of the Natural Resources and Environmental Protection Act, 451 P.A. 1994, as amended (Act 451). See Exhibit D for confirmation of functional obsolescence and "facility" status.

Required Elements of Brownfield Plan

1. A description of costs intended to be paid for with the tax increment revenues. (MCLA 125.2663(2)(a))

50 West will be reimbursed for the costs of eligible activities necessary to prepare the Property for redevelopment. The costs of eligible activities included in and authorized by this Plan will be reimbursed with incremental local tax revenues and state school operating tax revenues generated from the Property after redevelopment and captured by the BCBRA, subject to any limitations and conditions described in this Plan, approvals of the Michigan Environment, Great Lakes & Energy (EGLE) and Michigan Strategic Fund (MSF) for school operating tax capture, and the terms of a Reimbursement Agreement between 50 West and the BCBRA (the “Reimbursement Agreement”). Administrative expenses of the BCBRA will be reimbursed through capture of incremental local taxes, as available following the proposed tax abatement period (estimated 2033). If available, this Plan will capture all new personal property taxes generated by this Project.

The estimated total cost of eligible Department Specific (Environmental) and Non-Environmental Activities eligible for reimbursement from tax increment revenues under this Plan is \$543,575.

Table 1 below presents estimated costs of the eligible activities for this project which qualify for reimbursement from tax increment financing.

Table 1 – Eligible Activities	
Task	Cost Estimate
1. Baseline Environmental Assessment Activities	\$30,000
2. Demolition	\$210,500
3. Lead and Asbestos Abatement	\$40,000
4. Site Preparation	\$170,000
<i>Eligible Activity Sub-total</i>	\$450,500
5. Contingency 15% (excludes BEA Costs)	\$63,075
6. Brownfield Plan/Work Plan Preparation and Development	\$30,000
TOTAL	\$543,575

2. A brief summary of the eligible activities that are proposed for each eligible property. (MCLA 125.2663(2)(b))

"Eligible Activities" are defined in the Brownfield Redevelopment Financing Act, Act 381 of 1996, as amended (the "Act") as meaning one or more of the following: (i) baseline environmental assessment activities; (ii) due care activities; (iii) additional response activities; and (iv) reasonable cost of developing and preparing brownfield plans, combined brownfield plans, and work plans. In addition, in qualified local governmental units such as the City of Battle Creek, the Act includes the following additional activities under the definition of "eligible activities": (A) infrastructure improvements that directly benefit eligible property; (B) demolition of structures that is not response activity under Part 201 of NREPA; (C) lead or asbestos abatement; and (D) site preparation that is not a response activity under Part 201 of NREPA.

The cost of eligible activities is estimated in Table 1 above and includes the following:

1. Baseline Environmental Assessment Activities. Baseline environmental assessment activities are required during the acquisition of the Property.
2. Demolition. Demolition activities, a pre-demolition assessment, and selective exterior demolition, and significant selective interior demolition. Exterior demolition will include façade and roofing demolition. Interior demolition will include selective removal of existing walls, flooring, mechanical systems, finishes and ceiling systems.
3. Lead and Asbestos Abatement. Due to the age of the building, it is anticipated that lead and asbestos containing materials will be encountered during the demolition process. The proposed abatement costs include the cost of the initial survey to determine the presence of materials that must be abated and removal and disposal of identified materials.
4. Site Preparation. Site Preparation activities will include temporary site fencing, temporary lighting, and traffic control. Site preparation activities also include special foundations which are necessary to support the proposed wall systems in the interior of the building.
5. Contingency. A 15% contingency is included to cover unexpected cost overruns encountered during redevelopment.
6. Brownfield Plan/Work Plan Preparation and Development. Costs incurred to prepare, develop and implement this Brownfield Plan and proposed Act 381 Work Plan, as required per the Act.

3. An estimate of the captured taxable value and tax increment revenues for each year of the Plan from each parcel of eligible property and in the aggregate. (MCLA 125.2663(2)(c))

Estimated taxable values and tax increment revenues to be captured are presented in Exhibit B. The annual increase in taxable value of the Property is assumed to be 1% for purposes of this Plan. The annual incremental taxable value and captured tax increment revenue will be determined by the actual assessed taxable value of the Property and millages approved by the relevant taxing jurisdictions, respectively. The current initial taxable value is \$0 and the projected taxable value following improvements is \$760,000. The projected value is an estimate based on the proposed investment. As shown in Exhibit B, the project includes an assumed 12-yr Obsolete Property Rehabilitation Act abatement on the real property improvements. The property is located in the DDA and received approval for a pass-through to support the proposed brownfield plan. Additionally, 50 West and the Land Bank entered into a waiver agreement for the Land Bank to waive its 5/50 tax capture for this project.

The BCBRA will capture 100% of the available incremental local and school operating tax revenues generated from the Property to reimburse 50 West for the costs of eligible activities under this Plan in accordance with the Reimbursement Agreement. Reimbursement using incremental school operating tax revenues is further limited to those eligible activities and costs approved by the EGLE or MSF or are otherwise eligible under Act 381.

Pursuant to Act 381, the BCBRA may contribute to its LBRF with tax increment revenues in excess of the amount needed to reimburse 50 West for the costs of eligible activities. As part of this Plan, tax increment revenues in the amount of \$171,263 will be captured and deposited in the Authority's LBRF after reimbursement of 50 West's eligible costs.

It is the intent of this Plan to provide for the proportional capture of all eligible tax increments in whatever amounts and in whatever years they become available until the eligible cost reimbursement and LBRF funding described in this Plan are complete or for the maximum duration provided in Act 381 (MCLA 125.2663(22)), whichever is shorter.

4. The method by which the costs of the Plan will be financed, including a description of any advances made or anticipated to be made for the costs of the Plan from the City. (MCLA 125.2663(2)(d))

The cost of the Eligible Activities included in the Plan will initially be paid for by 50 West and they will seek reimbursement through available local and school property tax increment during the term of the Plan.

The BCBRA shall be governed by the terms of a Reimbursement Agreement. No costs of eligible activities will be qualified for reimbursement except to the extent permitted in accordance with the terms and conditions of the Reimbursement Agreement and Section 2 of Act 381 of 1994, as amended (MCL 125.2652). The Reimbursement Agreement and this Plan will dictate the total cost of eligible activities subject to payment. Eligible Activities conducted prior to Brownfield Plan approval will be reimbursed to the extent allowed by Act 381.

5. The maximum amount of the note or bonded indebtedness to be incurred, if any. (MCLA 125.2663(1)(3))

Bonds will not be issued for the Project.

6. The duration of the Plan, which shall not exceed the lesser of (1) the period required to pay for the eligible activities from tax increment revenues plus the period of capture authorized for the local site remediation revolving fund or (2) 30 years. (MCLA 125.2663(1)(f)&(22)).

The duration of the Brownfield Plan Amendment for the Project is estimated to be 26 years. It is estimated that redevelopment of the Property will be completed by 2020 and that it will take up to 20 years to recapture the Eligible Activities through tax increment revenues, plus five years of capture for the Local Brownfield Revolving Fund (the “LBRF”), if available. Therefore, the first year of tax increment capture will be 2020 and the Plan Amendment will remain in place until 50 West is fully reimbursed, or termination of the Development and Reimbursement Agreement, whichever is sooner, and the BCBRA has completed capture for the LBRF, subject to the maximum duration provided for in MCL 125.2663(22).

7. An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the Property is located. (MCLA 125.2663(2)(g))

Available incremental local and school operating tax revenues generated by the project will be captured by the BCBRA until all incurred eligible brownfield redevelopment costs and BCBRA administrative expenses are reimbursed and the LBRF is funded, to the extent described in this Plan. The tax revenues available for capture by the BCBRA will be split between local and state sources, with approximately 44.3% being reimbursed with local tax revenues and approximately 55.7% being reimbursed with school operating tax revenues, based on the millage rates obtained from 2019. The impact of the BCBRA incremental tax capture on local taxing jurisdictions is presented in TIF Table in Exhibit B.

8. A legal description of each parcel of eligible property to which the Plan applies, a map showing the location and dimensions of each eligible property, a statement of the characteristics that qualify the property as eligible property, and a statement of whether personal property is included as a part of the eligible property. (MCLA 125.2663(2)(h))

- a. The Property is located at 50 West Michigan Avenue, Battle Creek. See legal description at Exhibit A.
- b. See location and site map at Exhibit C.
- c. Characteristics of Property: The building on the Property was built in 1959, and formerly housed a JC Penny retail store. Cereal City Office Supply occupied the building from 1986 until 2006 and it has remained vacant since 2006. The Property is a “facility” and was also deemed “functionally obsolete” which qualifies it as “eligible property”.
- d. Personal property: New personal property is included as part of the "Eligible Property" to the extent it is taxable.

9. An estimate of the number of persons residing on each eligible property to which the Plan applies and the number of families or individuals to be displaced, if any. (MCL 125.2663(2)(i))

There are no persons currently residing on this Property and, therefore, no families or individuals will be displaced.

10. A plan for establishing priority for the relocation of persons displaced by implementation of the Plan, if applicable. (MCLA 125.2663(2)(j))

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

11. Provision for the costs of relocating persons displaced by implementation of the Plan, and financial assistance and reimbursement of expenses, if any. (MCLA 125.2663(2)(k))

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

12. A strategy for compliance with the Michigan Relocation Assistance Act, if applicable (MCLA 125.2663(2)(l))

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

13. A description of the proposed use of the local site remediation revolving Fund.

Funds from the LBRF will not be used to support the Project. As previously discussed, tax increment revenues will be captured and deposited in the Authority's LBRF after reimbursement of 50 West's eligible costs.

14. Other material that the Authority or the City Council considers pertinent. (MCLA 125.2663(2)(m))

The Project will reactivate a vacant and obsolete building in the heart of downtown Battle Creek and bring necessary investment and new employees to the downtown while adding an amenity to complement other recent projects in the area.

17570713

Exhibit A

Property Description

Property Address: 50 W. Michigan Avenue, Battle Creek, Michigan

Tax Parcel No.: 0252-00-050-0

Legal Description: BC CITY RB2 ALL OF LOTS 44 & 60, PART OF LOTS 45 & 59: BEG NW COR OF LOT 44, SD COR COMMON TO LOTS 43, 44 & STATE ST ROW - SELY ALG SWLY LI OF STATE ST 77.5 FT - SWLY, AT RT ANGLES TO STATE ST ROW, 100 FT – SELY ALG LI COMMON TO LOTS 45 & 59 DIST OF 4.75 FT – SWLY 132 FT – NWLY ALG NELY LI OF MICHIGAN AVE DIST OF 82.25 FT – NELY ALG NWLY LI OF LOT 60 & 44 DIST OF 232 FEET TO POB

Exhibit B

TIF Table

Tax Increment Revenue Capture Estimates
50 West Michigan Ave, LLC
Battle Creek, Michigan
August 20, 2019

Estimated Taxable Value (TV) Increase Rate: 1%			OPRA Period							
Plan Year	1	2	3	4	5	6	7	8	9	10
Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Base Taxable Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated New TV	\$ -	\$ -	\$ 760,000	\$ 767,600	\$ 775,276	\$ 783,029	\$ 790,859	\$ 798,768	\$ 806,755	\$ 814,823
Incremental Difference (New TV - Base TV)	\$ -	\$ -	\$ 760,000	\$ 767,600	\$ 775,276	\$ 783,029	\$ 790,859	\$ 798,768	\$ 806,755	\$ 814,823

School Capture	Millage Rate												
State Education Tax (SET)	6.0000	\$ -	\$ -	\$ 2,280	\$ 2,303	\$ 2,326	\$ 2,349	\$ 2,373	\$ 2,396	\$ 4,841	\$ 4,889		
School Operating Tax	18.0000	\$ -	\$ -	\$ 6,840	\$ 6,908	\$ 6,977	\$ 7,047	\$ 7,118	\$ 7,189	\$ 14,522	\$ 14,667		
School Total	24.0000	\$ -	\$ -	\$ 9,120	\$ 9,211	\$ 9,303	\$ 9,396	\$ 9,490	\$ 9,585	\$ 19,362	\$ 19,556		

Local Capture	Millage Rate												
City Operating	9.2400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
City St Maint	1.5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Pol/Fire Pension	4.6790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CAL CO Operating	5.3779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Calhoun ISD	6.2060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Kellogg CC	3.6140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
BC Sch Bldg Fund	2.0000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Willard Library	2.0000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CAL CO Seniors	0.7452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CAL CO Med Care	0.2482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
CAL CO Veterans	0.1000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Local Total	35.7103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

Non-Capturable Millages	Millage Rate												
BC School Debt	4.0000		0	0	0	0	0	0	0	0	0		0
4.0000 Total			0	0	0	0	0	0	0	0	0		0

Total Tax Increment Revenue (TIR) Available for Capture \$ - \$ - \$ 9,120 \$ 9,211 \$ 9,303 \$ 9,396 \$ 9,490 \$ 9,585 \$ 19,362 \$ 19,556

Footnotes:
(1) Land Increment will be captured but TIF projections only show improvements capture for ease of reference as land increment is nominal.
(2) Assumes new taxable value based on proposed build out, plus 1% annual inflation increases thereafter.
(3) Base year millage rates; assumes millage rate remains the same
(4) Assumes 12yr OPRA with 1/2 School Millages abated for first 6yrs
(5) Assumes Land Bank waives its 5yr 50% Capture

Tax Increment Revenue Capture Estimates
50 West Michigan Ave, LLC
Battle Creek, Michigan
August 20, 2019

Estimated Taxable Value (TV) Increase Rate:

Plan Year	11	12	13	14	15	16	17	18	19
Calendar Year	2029	2030	2031	2032	2033	2034	2035	2036	2037
Base Taxable Value \$	-	-	-	-	-	-	-	-	-
Estimated New TV \$	822,971	831,201	839,513	847,908	856,387	864,951	873,600	882,336	891,160
Incremental Difference (New TV - Base TV) \$	822,971	831,201	839,513	847,908	856,387	864,951	873,600	882,336	891,160

School Capture	Millage Rate																		
State Education Tax (SET)	6.0000	\$	4,938	\$	4,987	\$	5,037	\$	5,087	\$	5,138	\$	5,190	\$	5,242	\$	5,294	\$	5,347
School Operating Tax	18.0000	\$	14,813	\$	14,962	\$	15,111	\$	15,262	\$	15,415	\$	15,569	\$	15,725	\$	15,882	\$	16,041
School Total	24.0000	\$	19,751	\$	19,949	\$	20,148	\$	20,350	\$	20,553	\$	20,759	\$	20,966	\$	21,176	\$	21,388

Local Capture	Millage Rate																		
City Operating	9.2400	\$	-	\$	-	\$	-	\$	-	\$	7,913	\$	7,992	\$	8,072	\$	8,153	\$	8,234
City St Maint	1.5000	\$	-	\$	-	\$	-	\$	-	\$	1,285	\$	1,297	\$	1,310	\$	1,324	\$	1,337
Pol/Fire Pension	4.6790	\$	-	\$	-	\$	-	\$	-	\$	4,007	\$	4,047	\$	4,088	\$	4,128	\$	4,170
CAL CO Operating	5.3779	\$	-	\$	-	\$	-	\$	-	\$	4,606	\$	4,652	\$	4,698	\$	4,745	\$	4,793
Calhoun ISD	6.2060	\$	-	\$	-	\$	-	\$	-	\$	5,315	\$	5,368	\$	5,422	\$	5,476	\$	5,531
Kellogg CC	3.6140	\$	-	\$	-	\$	-	\$	-	\$	3,095	\$	3,126	\$	3,157	\$	3,189	\$	3,221
BC Sch Bldg Fund	2.0000	\$	-	\$	-	\$	-	\$	-	\$	1,713	\$	1,730	\$	1,747	\$	1,765	\$	1,782
Willard Library	2.0000	\$	-	\$	-	\$	-	\$	-	\$	1,713	\$	1,730	\$	1,747	\$	1,765	\$	1,782
CAL CO Seniors	0.7452	\$	-	\$	-	\$	-	\$	-	\$	638	\$	645	\$	651	\$	658	\$	664
CAL CO Med Care	0.2482	\$	-	\$	-	\$	-	\$	-	\$	213	\$	215	\$	217	\$	219	\$	221
CAL CO Veterans	0.1000	\$	-	\$	-	\$	-	\$	-	\$	86	\$	86	\$	87	\$	88	\$	89
Local Total	35.7103	\$	-	\$	-	\$	-	\$	-	\$	30,582	\$	30,888	\$	31,197	\$	31,508	\$	31,824

Non-Capturable Millages	Millage Rate																		
BC School Debt	4.0000		0		0		0		0		3,426		3,460		3,494		3,529		3,565
4.0000 Total			0		0		0		0		3,426		3,460		3,494		3,529		3,565

Total Tax Increment Revenue (TIR) Available for Capture \$ 19,751 \$ 19,949 \$ 20,148 \$ 20,350 \$ 51,135 \$ 51,646 \$ 52,163 \$ 52,685 \$ 53,211

Footnotes:

- (1) Land Increment will be captured but TIF projections only show improvements capture for ease of reference as land increment is nominal.
- (2) Assumes new taxable value based on proposed build out, plus 1% annual inflation increases thereafter.
- (3) Base year millage rates; assumes millage rate remains the same
- (4) Assumes 12yr OPRA with 1/2 School Millages abated for first 6yrs
- (5) Assumes Land Bank waives its 5yr 50% Capture

Tax Increment Revenue Capture Estimates
50 West Michigan Ave, LLC
Battle Creek, Michigan
August 20, 2019

Estimated Taxable Value (TV) Increase Rate:

Plan Year	20	21	22	23	24	25	26	TOTAL
Calendar Year	2038	2039	2040	2041	2042	2043	2044	
Base Taxable Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Estimated New TV	\$ 900,071	\$ 909,072	\$ 918,163	\$ 927,344	\$ 936,618	\$ 945,984	\$ 955,444	\$ 955,444
Incremental Difference (New TV - Base TV)	\$ 900,071	\$ 909,072	\$ 918,163	\$ 927,344	\$ 936,618	\$ 945,984	\$ 955,444	\$ 955,444

School Capture	Millage Rate																
State Education Tax (SET)	6.0000	\$	5,400	\$	5,454	\$	5,509	\$	5,564	\$	5,620	\$	5,676	\$	5,733	\$	108,972
School Operating Tax	18.0000	\$	16,201	\$	16,363	\$	16,527	\$	16,692	\$	16,859	\$	17,028	\$	17,198	\$	326,917
School Total	24.0000	\$	21,602	\$	21,818	\$	22,036	\$	22,256	\$	22,479	\$	22,704	\$	22,931	\$	435,890

Local Capture	Millage Rate																
City Operating	9.2400	\$	8,317	\$	8,400	\$	8,484	\$	8,569	\$	8,654	\$	8,741	\$	8,828	\$	100,357
City St Maint	1.5000	\$	1,350	\$	1,364	\$	1,377	\$	1,391	\$	1,405	\$	1,419	\$	1,433	\$	16,292
Pol/Fire Pension	4.6790	\$	4,211	\$	4,254	\$	4,296	\$	4,339	\$	4,382	\$	4,426	\$	4,471	\$	50,819
CAL CO Operating	5.3779	\$	4,840	\$	4,889	\$	4,938	\$	4,987	\$	5,037	\$	5,087	\$	5,138	\$	58,410
Calhoun ISD	6.2060	\$	5,586	\$	5,642	\$	5,698	\$	5,755	\$	5,813	\$	5,871	\$	5,929	\$	67,404
Kellogg CC	3.6140	\$	3,253	\$	3,285	\$	3,318	\$	3,351	\$	3,385	\$	3,419	\$	3,453	\$	39,252
BC Sch Bldg Fund	2.0000	\$	1,800	\$	1,818	\$	1,836	\$	1,855	\$	1,873	\$	1,892	\$	1,911	\$	21,722
Willard Library	2.0000	\$	1,800	\$	1,818	\$	1,836	\$	1,855	\$	1,873	\$	1,892	\$	1,911	\$	21,722
CAL CO Seniors	0.7452	\$	671	\$	677	\$	684	\$	691	\$	698	\$	705	\$	712	\$	8,094
CAL CO Med Care	0.2482	\$	223	\$	226	\$	228	\$	230	\$	232	\$	235	\$	237	\$	2,696
CAL CO Veterans	0.1000	\$	90	\$	91	\$	92	\$	93	\$	94	\$	95	\$	96	\$	1,086
Local Total	35.7103	\$	32,142	\$	32,463	\$	32,788	\$	33,116	\$	33,447	\$	33,781	\$	34,119	\$	387,854

<u>Non-Capturable Millages</u>											
Millage Rate											
BC School Debt	4.0000	3,600	3,636	3,673	3,709	3,746	3,784	3,822	\$	43,445	
	4.0000 Total	3,600	3,636	3,673	3,709	3,746	3,784	3,822	\$	43,445	

Total Tax Increment Revenue (TIR) Available for Capture \$ 53,744 \$ 54,281 \$ 54,824 \$ 55,372 \$ 55,926 \$ 56,485 \$ 57,050 \$ 823,744

Footnotes:

- (1) Land Increment will be captured but TIF projections only show improvements capture for ease of reference as land increment is nominal.
- (2) Assumes new taxable value based on proposed build out, plus 1% annual inflation increases thereafter.
- (3) Base year millage rates; assumes millage rate remains the same
- (4) Assumes 12yr OPRA with 1/2 School Millages abated for first 6yrs
- (5) Assumes Land Bank waives its 5yr 50% Capture

Tax Increment Financing Reimbursement Table
50 West Michigan Ave, LLC
Battle Creek, Michigan
August 20, 2019

Developer Maximum Reimbursement	Proportionality	School & Local Taxes	Local-Only Taxes	Total
State	55.7%	\$ 302,530		\$ 302,530
Local	44.3%	\$ 241,045	\$ -	\$ 241,045
TOTAL				\$ 543,575
MDEQ	5.5%	\$ 30,000	\$ -	\$ 30,000
MSF	94.5%	\$ 513,575	\$ -	\$ 513,575

Estimated Total
Years of Plan: 26

Estimated Capture	\$ 881,364
Administrative Fees	\$ (21,116)
State Revolving Fund	\$ 57,381
LSRRF	\$ 171,263

				OPRA Period												
	2019	2020		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Total State Incremental Revenue	\$ -	\$ -	\$ -	\$ 9,120	\$ 9,211	\$ 9,303	\$ 9,396	\$ 9,490	\$ 9,585	\$ 19,362	\$ 19,556	\$ 19,751	\$ 19,949	\$ 20,148	\$ 20,350	\$ 20,553
State Brownfield Revolving Fund (50% of SET)	\$ -	\$ -	\$ -	\$ (1,140)	\$ (1,151)	\$ (1,163)	\$ (1,175)	\$ (1,186)	\$ (1,198)	\$ (2,420)	\$ (2,444)	\$ (2,469)	\$ (2,494)	\$ (2,519)	\$ (2,544)	\$ (2,569)
State TIR Available for Reimbursement	\$ -	\$ -	\$ -	\$ 7,980	\$ 8,060	\$ 8,140	\$ 8,222	\$ 8,304	\$ 8,387	\$ 16,942	\$ 17,111	\$ 17,282	\$ 17,455	\$ 17,630	\$ 17,806	\$ 17,984
Total Local Incremental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,582
BRA Administrative Fee (5%)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,529)
Local TIR Available for Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,053
Total State & Local TIR Available	\$ -	\$ -	\$ -	\$ 7,980	\$ 8,060	\$ 8,140	\$ 8,222	\$ 8,304	\$ 8,387	\$ 16,942	\$ 17,111	\$ 17,282	\$ 17,455	\$ 17,630	\$ 17,806	\$ 47,037
DEVELOPER		Beginning Balance														
	\$ 543,575	\$ 543,575	\$ 543,575	\$ 543,575	\$ 535,595	\$ 527,535	\$ 519,395	\$ 511,173	\$ 502,869	\$ 494,482	\$ 477,540	\$ 460,429	\$ 443,146	\$ 425,691	\$ 408,061	\$ 390,255
MSF Non-Environmental Costs	\$ 513,575	\$ 513,575	\$ 513,575	\$ 513,575	\$ 506,035	\$ 498,420	\$ 490,729	\$ 482,961	\$ 475,116	\$ 467,191	\$ 451,185	\$ 435,018	\$ 418,689	\$ 402,197	\$ 385,540	\$ 368,717
State Tax Reimbursement		\$ -	\$ -	\$ 7,540	\$ 7,615	\$ 7,691	\$ 7,768	\$ 7,846	\$ 7,924	\$ 16,007	\$ 16,167	\$ 16,329	\$ 16,492	\$ 16,657	\$ 16,823	\$ 16,992
Local Tax Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,449
Total MSF Reimbursement Balance		\$ 513,575	\$ 513,575	\$ 506,035	\$ 498,420	\$ 490,729	\$ 482,961	\$ 475,116	\$ 467,191	\$ 451,185	\$ 435,018	\$ 418,689	\$ 402,197	\$ 385,540	\$ 368,717	\$ 324,276
MDEQ Environmental Costs	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 29,560	\$ 29,115	\$ 28,665	\$ 28,212	\$ 27,753	\$ 27,291	\$ 26,356	\$ 25,411	\$ 24,457	\$ 23,494	\$ 22,521	\$ 21,538
State Tax Reimbursement		\$ -	\$ -	\$ 440	\$ 445	\$ 449	\$ 454	\$ 458	\$ 463	\$ 935	\$ 944	\$ 954	\$ 963	\$ 973	\$ 983	\$ 993
Local Tax Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,603
Total MDEQ Reimbursement Balance		\$ 30,000	\$ 30,000	\$ 29,560	\$ 29,115	\$ 28,665	\$ 28,212	\$ 27,753	\$ 27,291	\$ 26,356	\$ 25,411	\$ 24,457	\$ 23,494	\$ 22,521	\$ 21,538	\$ 18,942
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Local Only Reimbursement Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Developer Reimbursement		\$ -	\$ -	\$ 7,980	\$ 8,060	\$ 8,140	\$ 8,222	\$ 8,304	\$ 8,387	\$ 16,942	\$ 17,111	\$ 17,282	\$ 17,455	\$ 17,630	\$ 17,806	\$ 47,037

LOCAL SITE REMEDIATION FUND

LSRRF Deposits *	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Tax Capture	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Capture	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total LSRRF Capture																	

* Up to five years of capture for LSRRF Deposits after eligible activities are reimbursed. May be taken from DEQ & Local TIR only.

Footnotes:

- (1) Assumes taxable value increases based on proposed build out, plus 1% annual increases for inflation thereafter.
- (2) Assumes Millage Rates remain constant.
- (3) Assumes 12yr OPRA with 1/2 School Mills abated
- (4) Assumes Land Bank waives its 5yr 50% capture
- (5) Land Increment will be captured but TIF projections only show improvements capture for ease of reference as land increment is nominal.

Tax Increment Financing Reimbursement Table
50 West Michigan Ave, LLC
Battle Creek, Michigan
August 20, 2019

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	TOTAL
Total State Incremental Revenue	\$ 20,759	\$ 20,966	\$ 21,176	\$ 21,388	\$ 21,602	\$ 21,818	\$ 22,036	\$ 22,256	\$ 22,479	\$ 22,704	\$ 22,931	\$ 23,160	\$ 459,050
State Brownfield Revolving Fund (50% of SET)	\$ (2,595)	\$ (2,621)	\$ (2,647)	\$ (2,673)	\$ (2,700)	\$ (2,727)	\$ (2,754)	\$ (2,782)	\$ (2,810)	\$ (2,838)	\$ (2,866)	\$ (2,895)	\$ (57,381)
State TIR Available for Reimbursement	\$ 18,164	\$ 18,346	\$ 18,529	\$ 18,714	\$ 18,901	\$ 19,091	\$ 19,281	\$ 19,474	\$ 19,669	\$ 19,866	\$ 20,064	\$ 20,265	\$ 401,668
Total Local Incremental Revenue	\$ 30,888	\$ 31,197	\$ 31,508	\$ 31,824	\$ 32,142	\$ 32,463	\$ 32,788	\$ 33,116	\$ 33,447	\$ 33,781	\$ 34,119	\$ 34,460	\$ 422,315
BRA Administrative Fee (5%)	\$ (1,544)	\$ (1,560)	\$ (1,575)	\$ (1,591)	\$ (1,607)	\$ (1,623)	\$ (1,639)	\$ (1,656)	\$ (1,672)	\$ (1,689)	\$ (1,706)	\$ (1,723)	\$ (21,116)
Local TIR Available for Reimbursement	\$ 29,343	\$ 29,637	\$ 29,933	\$ 30,232	\$ 30,535	\$ 30,840	\$ 31,148	\$ 31,460	\$ 31,775	\$ 32,092	\$ 32,413	\$ 32,737	\$ 401,199
Total State & Local TIR Available	\$ 47,507	\$ 47,982	\$ 48,462	\$ 48,947	\$ 49,436	\$ 49,931	\$ 50,430	\$ 50,934	\$ 51,444	\$ 51,958	\$ 52,478	\$ 53,002	\$ 802,867
DEVELOPER													
	\$ 343,218	\$ 295,711	\$ 247,729	\$ 199,267	\$ 150,320	\$ 100,884	\$ 50,953	\$ 523	\$ -	\$ -	\$ -	\$ -	\$ -
MSF Non-Environmental Costs													
State Tax Reimbursement	\$ 17,161	\$ 17,333	\$ 17,506	\$ 17,682	\$ 17,858	\$ 18,037	\$ 18,217	\$ 189	\$ -	\$ -	\$ -	\$ -	\$ 285,834
Local Tax Reimbursement	\$ 27,724	\$ 28,001	\$ 28,281	\$ 28,564	\$ 28,850	\$ 29,138	\$ 29,429	\$ 305	\$ -	\$ -	\$ -	\$ -	\$ 227,741
Total MSF Reimbursement Balance	\$ 279,391	\$ 234,057	\$ 188,269	\$ 142,024	\$ 95,316	\$ 48,141	\$ 494	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MDEQ Environmental Costs													
State Tax Reimbursement	\$ 1,002	\$ 1,012	\$ 1,023	\$ 1,033	\$ 1,043	\$ 1,054	\$ 1,064	\$ 11	\$ -	\$ -	\$ -	\$ -	\$ 16,697
Local Tax Reimbursement	\$ 1,619	\$ 1,636	\$ 1,652	\$ 1,669	\$ 1,685	\$ 1,702	\$ 1,719	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ 13,303
Total MDEQ Reimbursement Balance	\$ 16,320	\$ 13,672	\$ 10,998	\$ 8,296	\$ 5,568	\$ 2,812	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Local Only Reimbursement Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Developer Reimbursement	\$ 47,507	\$ 47,982	\$ 48,462	\$ 48,947	\$ 49,436	\$ 49,931	\$ 50,430	\$ 523	\$ -	\$ -	\$ -	\$ -	\$ -
LOCAL SITE REMEDIATION FUND													
LSRRF Deposits *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,246	\$ 31,775	\$ 32,092	\$ 32,413	\$ 32,737	\$ 171,263
State Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,109	\$ -	\$ -	\$ -	\$ -	\$ 11,109
Local Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,137	\$ 31,775	\$ 32,092	\$ 32,413	\$ 32,737	\$ 160,154
Total LSRRF Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

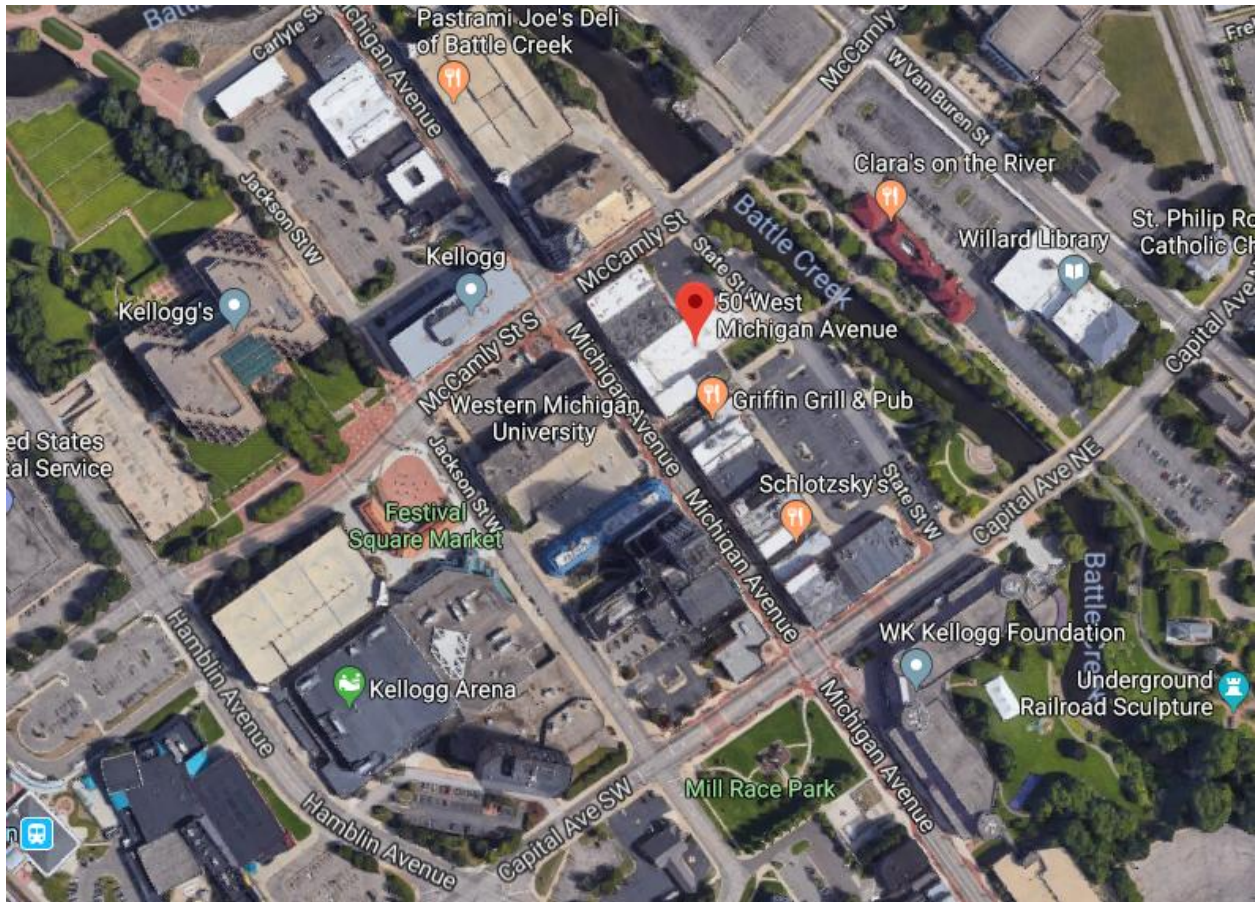
* Up to five years of capture for LSRRF Deposits

Footnotes:

- (1) Assumes taxable value increases based on proposed build out, plus 1% annual increases for inflation thereafter.
- (2) Assumes Millage Rates remain constant.
- (3) Assumes 12yr OPRA with 1/2 School Mills abated
- (4) Assumes Land Bank waives its 5yr 50% capture
- (5) Land Increment will be captured but TIF projections only show improvements capture for ease of reference as land increment is nominal.

Exhibit C

Site Location and Maps





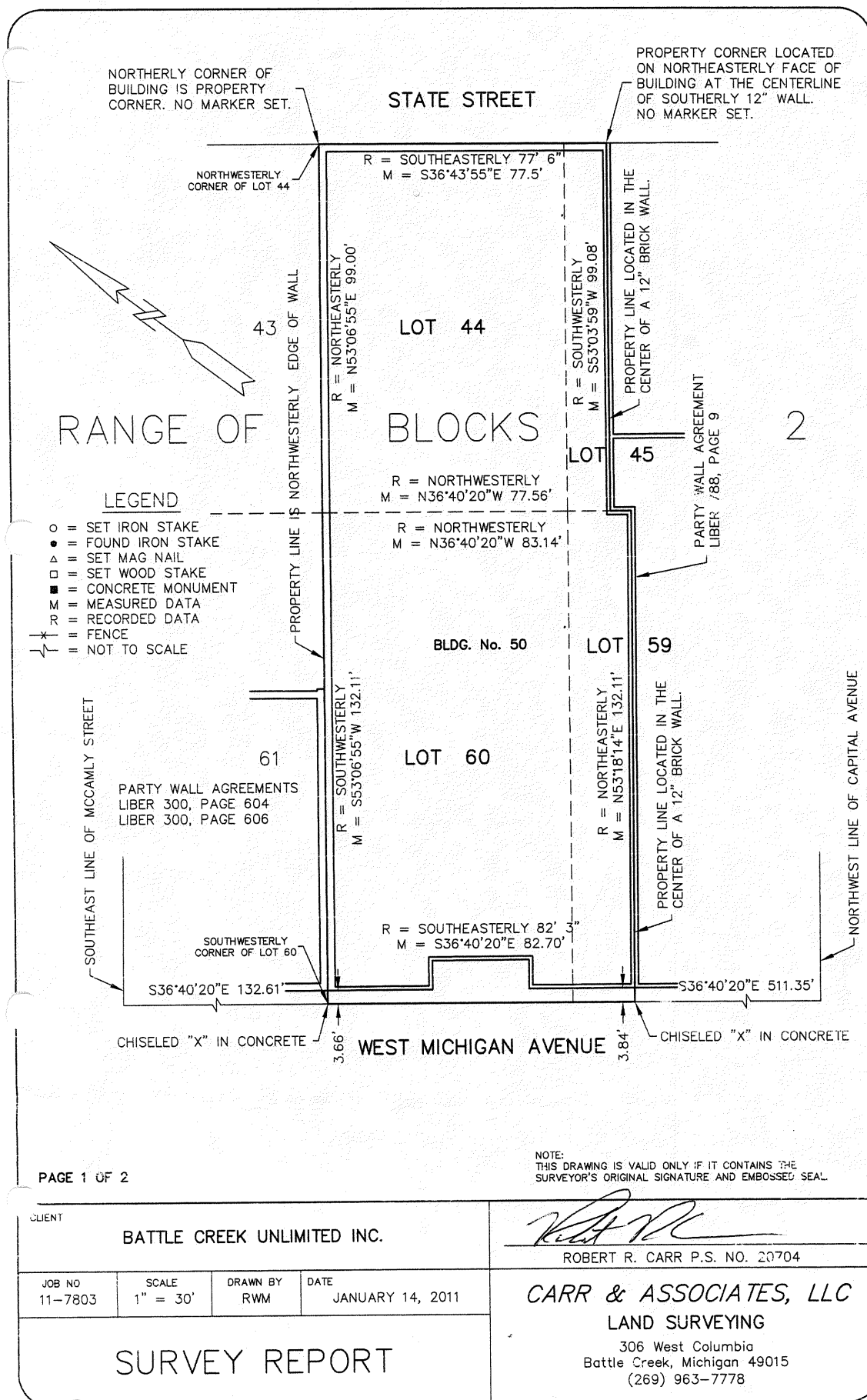


Exhibit D

Determination of Functional Obsolescence and Environmental

STATEMENT OF OBSOLESCENCE FROM ASSESSOR

The vacant retail building at 50 West Michigan Avenue suffers from functional obsolescence and is no longer able to achieve its highest and best use as a modern retail store building. The building was constructed in 1959 as a JC Penney department store. The building consists of two floors with a full basement. The first floor and basement are 18,214 square feet while the second floor is 2,214 square feet. The width of the building is 82 feet and has interior structural bay spacing. Due to the building size, narrowness and the bay spacing it would be difficult to subdivide the building into smaller units.

The freight elevator which services the basement and first floor needs to be repaired or replaced. The basement can also be accessed by stairs. There is stair access only to the second floor. The building and bathrooms are not ADA compliant. The plumbing, electrical and mechanical systems are dated and inefficient by today's standards. Consumers Energy has removed the transformer and advised the electric vault will need to be replaced in order to supply electricity to the building. Without electricity the basement sump pumps have not been functional and the basement has been subject to flooding due to the high water table. The basement floor has asbestos tile that needs to be removed.

The building has hot water boiler heating system and a separate cooling system. The boiler occupies two rooms of at least 1,200 square feet, has not been used since 2006 and needs to be replaced. All the piping in the boiler rooms has asbestos wrapping which will need to be removed. The old large roof chiller has been dismantled and needs to be replaced.

The last remodeling occurred in 1986 to accommodate the last owner/tenant. The building has been vacant since 2006.



Steven M. Hudson, MMAO 4 Certificate No. 5563

March 5, 2018

**BASELINE ENVIRONMENTAL ASSESSMENT
CONDUCTED PURSUANT TO SECTION 20126(1)(C)
OF 1994 PA 451, PART 201, AS AMENDED,
AND THE RULES PROMULGATED THEREUNDER
FORMER DEPARTMENT STORE
50 WEST MICHIGAN AVENUE
BATTLE CREEK, MICHIGAN**

**SES Project Number: 17-744
July 18, 2017**

Prepared For:

Dr. Emily Bandeen
Cereal City Athletics
4602 Beckley Road
Battle Creek, Michigan 49015

Prepared By:

DRAFT

Thomas Stolz, CPG



1591 West Centre Avenue
Kalamazoo, Michigan 49024

Phone: 269-321-5020
Fax: 866-856-8921



July 18, 2017

Supervisor
Michigan Department of Environmental Quality
Remediation and Redevelopment Division
7953 Adobe Road
Kalamazoo, Michigan 49009

RE: Baseline Environmental Assessment
Former Department Store
50 West Michigan Avenue
Battle Creek, Michigan
SES Project Number: 17-744

Dear Supervisor:

Please find enclosed one original and one copy of the completed Baseline Environmental Assessment (BEA) report for the referenced facility prepared on behalf of Cereal City Athletics, LLC in conjunction with their acquisition of the Property. The BEA is being submitted on behalf of Cereal City Athletics, LLC to the Michigan Department of Environmental Quality as a Disclosure.

As is customary, SES has enclosed one BEA report with the appropriate forms. If you have any questions regarding the enclosed BEA, please contact us.

Sincerely,

Stolz Environmental Solutions, LLC

DRAFT

Thomas N. Stolz, CPG

Enclosures: BEA Report (1 Original Report) Including Appropriate Forms

cc: Dr. Emily Bandeen – (1 Original Reports and 1 Digital)

DRAFT

**BASELINE ENVIRONMENTAL ASSESSMENT
CONDUCTED PURSUANT TO SECTION 20126(1)(C)
OF 1994 PA 451, PART 201, AS AMENDED,
AND THE RULES PROMULGATED THEREUNDER**

**FORMER DEPARTMENT STORE
50 WEST MICHIGAN AVENUE
BATTLE CREEK, MICHIGAN**

**SES Project Number: 17-744
July 18, 2017**



1591 West Centre Avenue
Kalamazoo, Michigan 49024

Phone: 269-321-5020
Fax: 866-856-8921

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Attachments:

Attachment A: Figures

Attachment B: SES Phase I ESA

Attachment C: Tax Description

Attachment D: Qualifications of the Environmental Professional

1.0 INTRODUCTION AND DISCUSSION

DRAFT

Stolz Environmental Solutions, LLC (SES), has prepared this Baseline Environmental Assessment (BEA) pursuant to Section 20126 of Part 201 of the Natural Resources and Environmental Protection Act (NREPA), Public Act 451 of 1994, as amended December 14, 2010 (Part 201), for the former department store located at 50 West Michigan Avenue in Battle Creek, Calhoun County, Michigan (Property). The report was prepared to meet the "Content of a BEA" requirements as described in the current Michigan Department of Environmental Quality (MDEQ) Baseline Environmental Assessment Submittal Form. The BEA was completed on July 18, 2017. A Property Location Diagram is included as Figure 1 in Attachment A of this report. Two BEAs were previously prepared for the Property by Soil and Materials Engineers, Inc. of Kalamazoo, Michigan (SME) in 2008 and 2011 and are identified by the MDEQ as BEA #s 200901331PL and 201101575PL, respectively.

1.1 Prospective Owner and Operator Information and Intended Property Use

Cereal City Athletics, LLC, the prospective owner of the Property, authorized SES's performance of this BEA. The prospective owner intends to acquire the Property for investment purposes and for redevelopment into an athletic facility. The prospective owner intends to maintain the buildings, pavements, and vegetative cover present on the Property at the time of the walkover although alterations and additions to the buildings, or alterations to the surface cover, may occur in the future.

A Phase I Environmental Site Assessment (ESA), dated July 18, 2017, was conducted by SES on the Property. SES's Phase I ESA included the review of previous environmental assessments for the Property. Specifically, SES reviewed a 2011 BEA for the Property prepared by SME. The SME BEA indicated soil on the Property was impacted with benzo(a)pyrene, fluoranthene, arsenic, and mercury at concentrations in excess of the applicable MDEQ Part 201 Generic Residential Cleanup Criteria (GRCC). SME reported lead was detected in the groundwater at the Property at concentrations in excess of the MDEQ GRCC. The known soil and groundwater impact at the Property represented an REC. Therefore, the Property is a "Facility" as defined by Part 201.

A Property Layout Diagram depicting the existing Property features is presented as Figure 2 in Attachment A.

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1.2 AAI/ASTM E1527-05 Executive Summary

The historical uses of the Property were evaluated as part of the Phase I ESA conducted by SES, dated July 18, 2017 and included in Attachment B of this report. Recognized environmental conditions (RECs) were identified in connection with the Property. The executive summary from SES's Phase I ESA is presented below:

1. Historic use sources, including aerial photographs, Sanborn fire insurance maps, tax assessment records, city directories, previous environmental assessments, and interviews, indicated that as early as 1887 the Property was the location of a residence, horse stables, printing shop, a coal house, and a storage tank. From 1887 through 1907, the north portion of the Property was the location of stables and a tin shop. A sausage factory, a drugstore, and warehouse were located in the west portions of the Property. From 1907 through 1919, a drugstore, warehouse, and retail stores were located on the north portion of the Property. From 1913 through 1929, the north portion of the Property was the location of a sheet metal shop and retail stores occupied the remainder of the Property. By 1935, the former sheet metal shop building was a JC Penny warehouse. By 1945, the JC Penny operation had expanded to the north portion of the Property. The buildings on the north portion of the Property were retail warehouses until they were demolished in 1958.

By 1902, the west portion of the Property (along what is now West Michigan Avenue) was developed with four stores. Between 1902 and 1959, these stores were occupied by numerous retail and service businesses. By 1958, these stores were demolished and in 1959, the current building was constructed on the Property for JC Penny. JC Penny occupied the Property until 1986, when the building was remodeled into an office supply business. The building was used as an office supply store until 2006, when the building was vacated. The building was vacant from 2006 until the time of SES's walkover.

The redevelopment of the Property, particularly in areas previously developed prior to 1959, represented an REC due to the potential for historic fill materials commonly encountered in downtown Battle Creek to have impacted the subsurface soil with volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PNAs), metals, or polychlorinated biphenyls (PCBs).

2. SES observed the adjoining sites from the Property boundaries and public rights-of-way for evidence of potential RECs. A vacated portion of West State Street adjoined the Property to the northeast, with the Battle Creek River located northeast of former West State Street. A toy store and parking lot adjoined the Property to the northwest. A vacant commercial building and parking lot adjoined the Property to the southeast, and West Michigan Avenue adjoined the Property to the southwest. A bank, a bookstore, and a credit union were located southwest of West Michigan Avenue. Based on SES's visual observations, the current use of the adjoining sites did not represent an REC.

3. In 2011, SME performed a Phase I ESA of the Property. SME's Phase I ESA referenced past sampling performed at the Property in 2008 by SME. SME's 2011 Phase I ESA identified the following RECs associated with the Property in 2011:
 - *The presence of benzo(a)pyrene, fluoranthene, arsenic, and mercury in soil and/or groundwater at the Property at concentrations above Part 201 generic residential cleanup criteria. This soil and groundwater impact was identified during SME's 2008 Phase II ESA and BEA, which also identified the presence of non-native fill materials on the Property. The 2008 Phase II ESA was designed to assess the potential for environmental impact associated with the potential presence of non-native fill material, historical uses of the Property for printing and sheet metal works operations, the unknown uses of the Property prior to 1887, and the historical use of a coal storage house and underground storage tank on the Property.*

Based on the identified RECs in 2008, which included: *the potential presence of non-native fill material, historical uses of the Property for printing and sheet metal works operations, the unknown uses of the Property prior to 1887, and the historical use of a coal storage house and underground storage tank on the Property*, SME performed a Limited Phase II ESA of the Property in 2008. SME's Limited Phase II ESA consisted of the performance of seven soil borings and the analysis of seven soil samples (one duplicate) and one groundwater sample from the Property. Soil samples collected from the Property were analyzed for VOCs, PNAs, and the 10 Michigan list metals. The groundwater sample was analyzed for PNAs and the 10 Michigan list metals.

SME reported that laboratory analysis of the collected samples indicated benzo(a)pyrene and fluoranthene were detected in soil under the floor slab of the northeast portion of the building at concentrations in excess of the MDEQ generic residential direct contact criteria (DCC). Additionally, metals, including arsenic, lead, and mercury were detected in soil under the building floor slab at concentrations in excess of the MDEQ generic residential drinking water criteria, direct contact criteria, and/or the groundwater to surface water interface protection criteria. Lead was found in the groundwater underlying the northeast portion of the Property at a concentration in excess of the MDEQ residential generic drinking water criteria. Based on the available information, the known PNA and metals impacts at the Property represented an REC.

4. Environmental Risk Information Service of Toronto, Ontario (ERIS) performed a database search for known sites of environmental concern within the American Society for Testing and Materials (ASTM)-defined radii of the Property. Based on SES's review of the ERIS Radius Map Report, 36 sites of known environmental concern were identified within the applicable ASTM-defined radii of the Property, including the Property, identified as a BEA site. Based on the location of the Property, and the known groundwater flow direction in the area of the Property, with the exception of the Property itself, the known sites of environmental concern identified within the ASTM-defined radii of the Property did not appear to represent an REC.
5. SES did not observe visual indications of RECs (i.e., stained soil or pavement surfaces, stressed vegetation, or chemical storage areas of concern) on the Property at the time of the walkover.

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A scaled Property Location Map and Property Layout Diagram are included in Attachment A as Figure 1 and Figure 2, respectively.

1.3 Exceptions, Deletions, or Data Gaps

No limitations, exceptions or deletions from SES's Phase I ESA Scope of Work were noted except for the following:

- Data failure prevented SES from determining the date of first developed use. However, the Property was developed for residential, print shop, and horse stable use as early as 1887. The identified data failure did not represent a limitation to SES's Scope of Services.

1.4 Previous Soil and Groundwater Characterization Information

As part of our 2017 Phase I ESA, SES reviewed existing environmental assessment information, including a BEA of the Property prepared by SME dated 2011, a Phase I ESA of the Property prepared in 2011 by SME, and a Phase II ESA report prepared by SME in 2008. Relevant information regarding the known contamination on the Property is included in Appendix C of Attachment B of this report.

SME 2011 BEA

The SME BEA indicated SME had performed a Phase I ESA and Phase II ESA the Property in 2008, in order to facilitate an acquisition of the Property. SME's 2011 Phase I ESA identified the following RECs associated with the Property in 2011:

- *The presence of benzo(a)pyrene, fluoranthene, arsenic, and mercury in soil and/or groundwater at the Property at concentrations above Part 201 generic residential cleanup criteria. This soil and groundwater impact was identified during SME's 2008 Phase II ESA and BEA, which also identified the presence of non-native fill materials on the Property. The 2008 Phase II ESA was designed to assess the potential for environmental impact associated with the potential presence of non-native fill material, historical uses of the Property for printing and sheet metal works operations, the unknown uses of the Property prior to 1887, and the historical use of a coal storage house and underground storage tank on the Property.*

Based on the identified RECs in 2008, which included: the potential presence of non-native fill material, historical uses of the Property for printing and sheet metal works operations, the unknown uses of the Property prior to 1887, and the historical use of a coal storage house and underground storage tank on the Property, SME performed a Limited Phase II ESA of the Property in 2008. SME's Limited Phase II ESA consisted of the performance of seven soil borings and the analysis of seven soil samples (one duplicate) and one groundwater sample from the Property. Soil samples collected from the Property were analyzed for VOCs, PNAs, and the 10 Michigan list metals. The groundwater sample was analyzed for PNAs and the 10 Michigan list metals.

SES compared the reported soil analyte concentrations from SMEs 2008 Phase II ESA to the current MDEQ Part 201 Generic Residential Cleanup Criteria (GRCC) including the Statewide Default Background Levels (SDBL), Drinking Water Protection Criteria (DWPC), Groundwater Surface Water Interface Criteria (GSIP), Soil Volatilization to Indoor Air Criteria (SVIAC), Ambient Air Criterion (AAC), and Direct Contact Criteria (DCC).

SES compared the reported groundwater analyte concentrations from SMEs 2008 Phase II ESA to the current MDEQ Part 201 GRCC including the Residential and Commercial I Drinking Water Criteria (DWC), Groundwater Surface Water Interface Protection Criteria (GSI), the Residential and Commercial I Groundwater Volatilization to Indoor Air Criteria (GVIAC), Groundwater Water Solubility (WS), Flammability and Explosivity Screening Levels (FESL), and Acute Inhalation Screening Levels (AISL).

SME reported that laboratory analysis of the collected samples indicated benzo(a)pyrene and fluoranthene were detected in soil under the floor slab of the northeast portion of the building at concentrations in excess of the MDEQ DCC. Additionally, metals, including arsenic, lead, and mercury were detected in soil under the building floor slab at concentrations in excess of the MDEQ generic residential DWPC, DCC, and/or the GSIPC. The following table depicts the concentrations of the detected soil analytes on the Property in excess of the most stringent applicable MDEQ GRCC:

TABLE 1
SOIL ANALYTES DETECTED IN EXCESS OF LABORATORY MDLS SME 2008 (UG/KG)

Analyte	Location (Feet bg) / Concentration							MDEQ DWPC	MDEQ DGC	MDEQ GSIPC	MDEQ SVIAC
	HA-1 (0-2)	HA-2 (0-2)	HA-3 (0-2)	HA-4 (0-2)	HA-4 dup (0-2)	HA-6 (0-2)	HA-7 (2-4)				
Arsenic	5500	45,000	6,600	6,400	5,900	10,000	7,100	4,600 (SDBL = 5,800)	7,600 (Non-Residential = 37,000)	4,600	NLV
Barium	19,000	180,000	24,000	35,000	32,000	28,000	36,000	1,300,000	37,000,000	ID	NLV
Cadmium	68	110	94	110	100	56	73	6,000	550,000	ID	NLV
Chromium	7,800	4,100	5,600	8,200	6,600	4,300	5,200	30,000	2,500,000	3,300 (SDBL = 18,000)	NLV
Copper	6,500	10,000	11,000	12,000	12,000	4,800	8,200	5,800,000	20,000,000	ID	NLV
Lead	10,000	9,800	13,000	11,000	16,000	9,500	16,000	700,000	400,000	ID	NLV
Mercury	ND	ND	68	100	62	ND	480	1,700	160,000	50 M; 1.2 (SDBL = 130)	48,000
Selenium	ND	320	410	ND	ND	220	ND	4,000	2,600,000	400 (SDBL = 410)	NLV
Silver	100	ND	120	350	360	ND	140	4,500	2,500,000	100 M; 27 (SDBL = 1,000)	NLV
Zinc	23,000	22,000	27,000	30,000	35,000	15,000	30,000	2,400,000	170,000,000	ID	NLV
Anthracene	ND	ND	ND	1,300	1,400	ND	ND	41,000	2.3E+08	ID	1.0E+09
Benzo(a)anthracene	ND	ND	ND	3,400	3,600	1,100	ND	NLL	20,000	NLL	NLV
Benzo(a)pyrene	ND	ND	ND	3,400	3,400	910	ND	NLL	2,000	NLL	NLV
Benzo(b)fluoranthene	ND	ND	ND	4,300	4,400	1,100	ND	NLL	20,000	NLL	ID
Benzo(ghi)perylene	ND	ND	ND	2,200	2,200	510	ND	NLL	2,500,000	NLL	NLV
Benzo(k)fluoranthene	ND	ND	ND	1,600	1,600	570	ND	NLL	200,000	NLL	NLV
Chrysene	ND	ND	ND	3,500	3,500	1,000	ND	NLL	2,000,000	NLL	ID
Dibenzo(a,h)anthracene	ND	ND	ND	410	410	ND	ND	NLL	2,000	NLL	NLV
Fluoranthene	ND	ND	ND	3,000	3,200	2,000	540	730,000	46,000,000	5,500	46,000,000
Indeno(1,2,3-cd)pyrene	ND	ND	ND	2,400	2,500	620	ND	NLL	20,000	NLL	NLV
Phenanthrene	ND	ND	ND	4,900	4,900	740	ND	56,000	1,600,000	2,100	28,000,000
Pyrene	ND	ND	ND	6,800	7,100	1,800	420	480,000	29,000,000	ID	1.0E+09

Notes: 1) Shaded indicate concentration in excess of applicable criteria. When the SDBL is higher than the DWPC, the DWPC is not applicable criteria.

2) ID = Insufficient Data To Calculate Criteria.

3) ND = Not Detected

4) NLV = Not Likely to Volatilize

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SME reported groundwater was encountered at a depth of 2.5 feet below grade (bg) at sample location HA-5. SME's 2011 BEA indicated lead was found in the groundwater underlying the northeast portion of the Property at a concentration in excess of the MDEQ residential DWC. Additional metals were also detected in the groundwater sample collected and analyzed by SME, but at concentrations not in excess of the MDEQ GRCC. The following table depicts the concentrations of the detected groundwater analytes on the Property in excess of the most stringent applicable MDEQ GRCC:

**TABLE 2
GROUNDWATER ANALYTES DETECTED IN EXCESS OF LABORATORY MDLS –
SME 2008 (UG/L)**

Analyte	Location (Feet bg) / Concentration	MDEQ DWC	MDEQ GRCC	MDEQ GRCC	MDEQ GVAC
	HA5-GW (2.5)				
Lead	9.4	4	ID	16	NLV

Notes:

- 1) Shaded indicate concentration in excess of applicable criteria. When the SDBL is higher than the DWPC, the DWPC is not applicable criteria.
- 2) ID = Insufficient Data To Calculate Criteria.
- 3) ND = Not Detected
- 4) NLV = Not Likely to Volatilize

* - Water Hardness of 150 mg CaCO₃/L was used for criterion calculation

Based on the results of SME's 2011 BEA, the Property meets the definition of a Facility as defined in Part 201. The facility status of the Property represented an REC in connection with the Property.

1.5 Basis for BEA Facility Determination

Based on the results of SES's Phase I ESA, RECs identified on the Property were assessed through the collection and analysis of soil and groundwater samples collected from the areas of the identified RECs in 2008 by SME. Based on SES's review of laboratory analysis of the samples collected by SME, soil on the Property was impacted with benzo(a)pyrene, fluoranthene, arsenic, and mercury at concentrations in excess of the MDEQ GRCC. Groundwater at the Property was impacted with lead at concentrations in excess of the most stringent applicable MDEQ GRCC. Therefore, the Property is a "Facility" as defined by Part 201.

2.0 PROPERTY INFORMATION

The Property was comprised of one parcel of land which encompassed approximately 0.5 acres and was developed with one 18,200 square-foot building at the time of the walkover. The Property was located in the southeast ¼ of Section 1, Township 2 South, Range 8 West, in the City of Battle Creek, Calhoun County, Michigan. The City of Battle Creek identified the Property by Parcel ID 0250-00-050-0 at the street address of 50 West Michigan Avenue. Based on data obtained by SES from Delorme USGS topographic mapping software, the center of the Property is located at a Latitude of N42.32074° and a Longitude of W85.18330°.

A scaled Property Location Map and Property Layout Diagram (also depicting SME sample locations) are included in Attachment A as Figure 1 and Figure 2, respectively. A tax description of the Property, provided by the City of Battle Creek, is included in Attachment C.

The Property encompassed approximately 0.5 acres and was developed with one 18,200 square-foot commercial building at the time of the walkover. The building was constructed of brick walls and included a partial second floor, finished basement, and a freight elevator. The main floor of the building was subdivided into retail space, offices, restrooms, storage rooms, and maintenance areas. The second floor was located in the southwest portion of the building and appeared to formerly include offices and storage. Roof access was through a door on the second floor.

The basement was subdivided into a retail area, offices, storage rooms, a mechanical room, boiler room, machine room, elevator hydraulic equipment room, and a conveyor area. The building was vacant at the time of the walkover.

Floors throughout the upper portions of the building were wood, tiled and/or carpeted in the office areas, and concrete in the storage areas. Floors on the main level were carpeted or tiled. Floors in the basement were tiled or bare concrete. All of the floor drains in the building reportedly discharge to the municipal sanitary sewer, which has been available in the area of the Property since the building was constructed in 1959.

The exterior portions of the Property consisted of concrete walks to the northeast and concrete walks to the southwest.

SES observed no indications of RECs, including indications of former underground storage tanks (USTs), chemical storage areas of concern, stained soil, or visibly distressed vegetation, on the Property at the time of the walkover.

3.0 FACILITY STATUS

The following sections describe the occurrence and extent of contaminants detected in the subsurface at the Property.

3.1 Contaminant Identity

Laboratory analysis of the soil and groundwater samples collected and analyzed by SME in 2008 indicated fill material at the Property was impacted with benzo(a)pyrene, fluoranthene, arsenic, and mercury at concentrations in excess of the most stringent MDEQ Part 201 GRCC DWPC, DCC and/or the GSIPC. Groundwater at the Property was impacted with lead at concentrations in excess of the most stringent applicable MDEQ GRCC, the DWC. Based on SES's Phase I ESA, no other analytes were detected at concentrations in excess of the most stringent MDEQ GRCC in the soil or groundwater samples collected and analyzed from the Property in 2008.

The contaminants identified in 2008 by SME included metals and PNAs. Metals and PNAs do not readily degrade in soil. The Property has been covered with building slabs and pavements since 2008, therefore, infiltration of precipitation has been limited. It is SES's professional opinion that the concentrations of metals and PNAs identified by SME in 2008 are representative of current soil conditions in the areas sampled by SME in 2008.

3.2 Contaminated Media and Location

Based on the results of SES's Phase I ESA, benzo(a)pyrene, fluoranthene, arsenic, and mercury impact on the Property at concentrations in excess of the MDEQ GRCC was associated with fill material occurring from below surface pavements and at the Property to depths extending to at least 3 feet bg. Groundwater, which was reportedly encountered at of 2.5 feet bg, is impacted with lead in the northeast portion of the Property.

A list of the hazardous substances detected in excess of the most stringent MDEQ Part 201 GRCC during SES's Limited Phase II ESA activities is provided below:

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TABLE 3
HAZARDOUS SUBSTANCES DETECTED IN EXCESS OF THE MDEQ PART 201 GRCC

Hazardous Substance	CAS Number	Maximum Concentration	Sample Location and Depth	Media Affected
Benzo(a)pyrene	50-32-8	3,400 µg/kg	HA-4 (0-2)	Soil
Fluoranthene	206-44-0	8,200 µg/kg	HA-4 (0-2) Dup	Soil
Arsenic	7440382	45,000 µg/kg	HA-2 (0-2)	Soil
Lead	75014	9.4 µg/L	HA-5 (2.5)	Groundwater
Mercury	varies	460 µg/kg	HA-7 (2-4)	Soil

It is SES's opinion the sampling program performed by SME in 2008 reasonably and adequately characterized the areas of the Property most likely to be impacted with the greatest concentrations of the tested analytes, based on the RECs identified. However, based on the nature of contaminant migration, and the inherent budget limitations associated with soil sampling and laboratory analytical activities, VOCs, PNAs, and/or metals could be present at concentrations in excess of the most stringent applicable MDEQ Part 201 GRCC in the soil or groundwater on the Property in areas previously un-sampled by SME or in the form of individual compounds not previously analyzed by SME.

3.3 Discarded or Abandoned Containers

Based on the results of SES's Phase I ESA, discarded or abandoned containers were not identified on the Property at the time of the walkover.

4.0 IDENTIFICATION OF THE AUTHOR OF THE BEA

The BEA was prepared by Mr. Thomas N. Stolz, Certified Professional Geologist (CPG) an Environmental Professional (EP). The qualifications and contact information for the Environmental Professional are included as Attachment D of this report.

DRAFT**5.0 ASTM PHASE I ENVIRONMENTAL SITE ASSESSMENT**

SES completed a Phase I ESA for the Property in compliance with the ASTM Standard E 1527-05 "Standard Practice for Environmental Assessments: Phase I Environmental Site Assessment Process", dated July 18, 2017. A copy of SES's Phase I ESA is presented as Attachment B.

6.0 CONCLUSIONS, FUTURE DIFFERENTIATION, AND/OR ALTERNATIVE APPROACHES

Based on SES's review of the results of chemical analyses presented in this report, soils on the Property were impacted with benzo(a)pyrene, fluoranthene, arsenic, and mercury at concentrations in excess of the most stringent MDEQ Part 201 GRCC. Groundwater at the Property was impacted lead at concentrations in excess of the most stringent applicable MDEQ GRCC. No other analytes were detected at concentrations in excess of the MDEQ GRCC in the soil or groundwater samples collected and analyzed from the Property by SME. Under the definition from Section 20101 of PA 451, Part 201, as amended, the Property is a "Facility."

The prospective owner intends to acquire the Property for investment purposes and for redevelopment into an athletic facility. The prospective owner intends to maintain the buildings, pavements, and vegetative cover present on the Property at the time of the walkover although alterations and additions to the buildings, or alterations to the surface cover, may occur in the future.

SES has performed this BEA based upon observed conditions and information reported in SES's Phase I ESA dated July 18, 2017. Based on subsurface, analytical, and historical data that has been collected, and the projected future use of the site, it is SES's opinion that this BEA is sufficient to provide a basis to distinguish a potential future release from the known subsurface soil and groundwater impact on the Property.

In the process of obtaining information in preparation of this BEA, procedures were followed that represent current reasonable and accepted engineering and hydrogeological practices and principles, in a manner consistent with the level of care and skill ordinarily exercised by members of these professions. Conclusions about Property conditions under no circumstances comprise a warranty that conditions in all areas of the Property are of the same quality as those areas that SES has inferred from observable Property conditions and readily available Property history.

SES's findings and conclusions must be considered probabilities based on professional judgment applied to the limited data SES was able to gather during the course of the assessment. In performing this

assessment, SES has endeavored to observe that degree of care and skill generally exercised by other consultants undertaking similar studies at the same time, under similar circumstances and conditions, and in the same geographical area.

7.0 REFERENCES

1. Part 201 Generic Cleanup Criteria and Screening Levels, Michigan Department of Environmental Quality, December 30, 2013.
2. The Michigan Department of Environmental Quality, Instructions for Preparing and Disclosing Baseline Environmental Assessments and Section 7a Compliance Analyses, effective March 11, 1999, as amended December 14, 2010.
3. Enrolled House Bill 4596, Part 201 of 1994 PA 451, as amended, the Natural Resources and Environmental Protection Act, June 5, 1995.
4. Limited Phase II Environmental Site Assessment, 50 West Michigan Avenue, Battle Creek, Michigan, prepared by SME, December 17, 2008.
5. Phase I Environmental Site Assessment, 50 West Michigan Avenue, Battle Creek, Michigan, prepared by SME, February 3, 2011.
6. Baseline Environmental Site Assessment, 50 West Michigan Avenue, Battle Creek, Michigan, prepared by SME, February 10, 2011.
7. Phase I Environmental Site Assessment, Former Department Store, 50 West Michigan Avenue, Battle Creek, Michigan, prepared by Stolz Environmental Solutions, LLC, July 18, 2017.

ATTACHMENTS

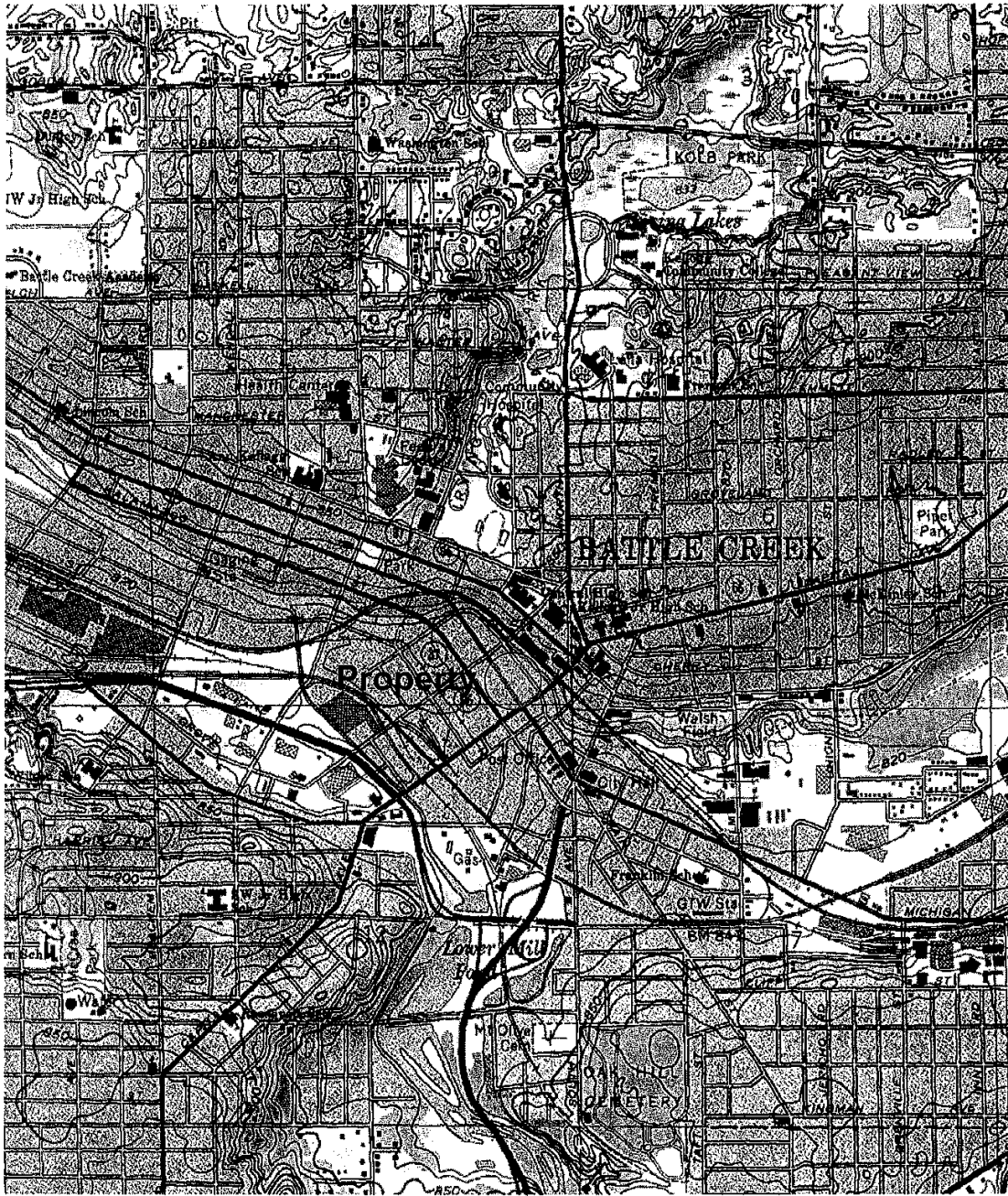
Attachment A: Figures

Attachment B: SES Phase I ESA

Attachment C: Tax Description and Municipal Tax or Survey Map

Attachment D: Qualifications of the Environmental Professional

ATTACHMENT A
FIGURES



USGS Topographic Map

Scale: 1:24,000

SES Project: 17-744

PROPERTY LOCATION MAP

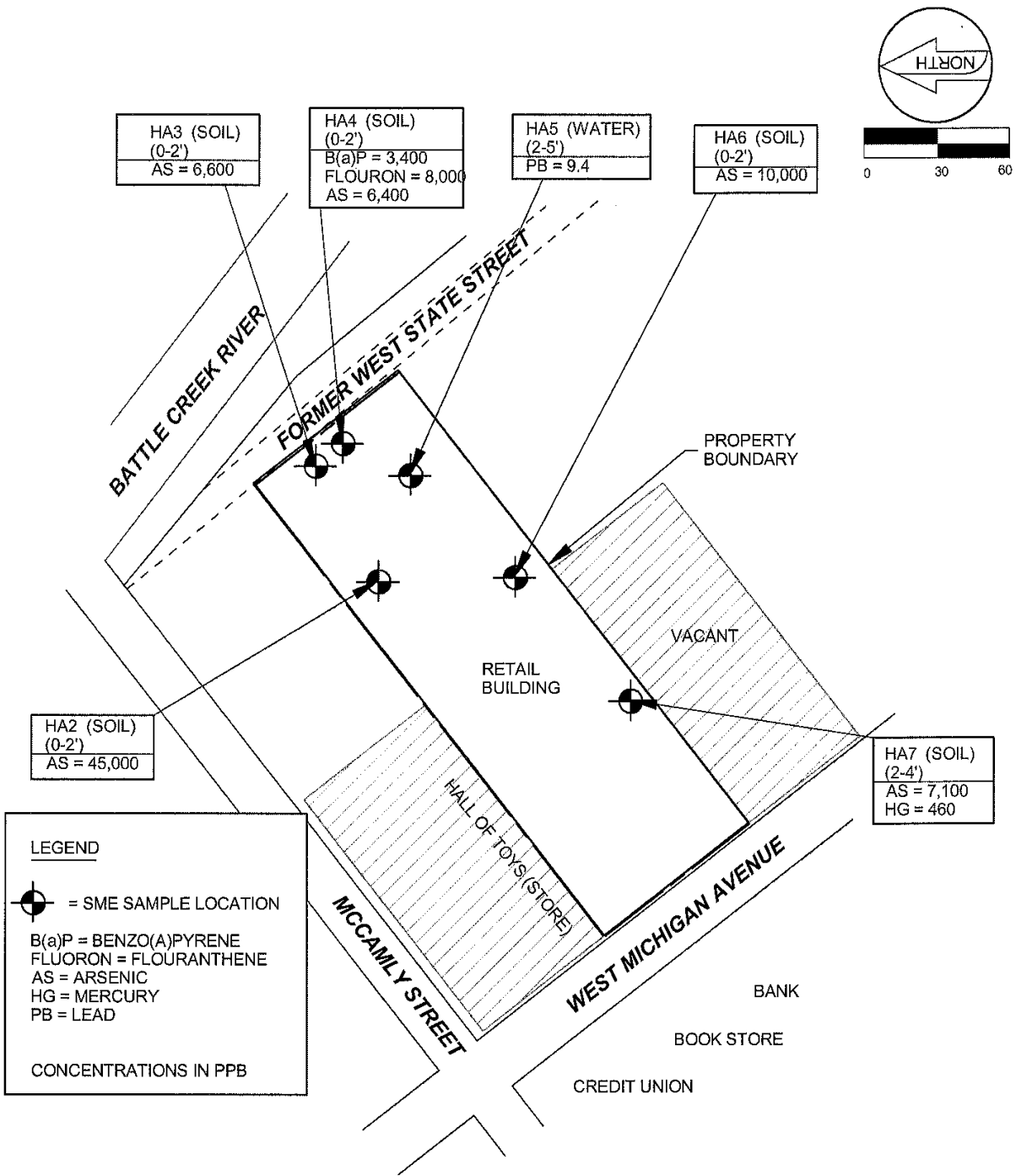
Former Department Store
50 West Michigan Avenue
Battle Creek, Michigan




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Solutions, LLC

Figure 1

NOTE: FOR ILLUSTRATIVE PURPOSES ONLY. BASE MAP TAKEN FROM 2013 AERIAL PHOTOGRAPH AND SEE FIELD NOTES. FEATURES ARE APPROXIMATE.



PROPERTY LAYOUT DIAGRAM		
	DRAWN	TNS
	DATE	7/11/2017
	SCALE	1"=60' +/-
	PROJECT	17-744
		FORMER DEPARTMENT STORE 50 WEST MICHIGAN AVENUE BATTLE CREEK, MICHIGAN
		FIGURE 2