



# Washtenaw County Brownfield Redevelopment Authority

## MEETING AGENDA

Thursday, July 8, 2010

Washtenaw County Annex Building  
Annex Large Conference Room, 1<sup>st</sup> Floor  
110 N. Fourth Avenue, Ann Arbor, MI 48104

1. **Call to Order**
2. **Public Comment\***
3. **Approval of Minutes** – June 10, 2010 WCBRA Minutes
4. **Business**
  - a. Deli Partners LLC – Zingerman’s Delicatessen Brownfield Plan, Ann Arbor
  - b. Appoint Secretary/Treasurer
  - c. Staff Report
5. **Public Comment\***
6. **Adjournment**

\*All public comment will be limited to three (3) minutes per person.

**Washtenaw County**  
**Brownfield Redevelopment Authority (WCBRA)**  
Annex Large Conference Room  
110 N. Fourth Avenue, Ann Arbor

**MEETING MINUTES**  
**June 10, 2010**

**Board Present:** Teresa Gillotti, Jeff Irwin, James Harless, Douglas McClure, Anna Sandhu, Victoria Pebbles,  
**Board Absent:** Todd Campbell (excused), Mark Heusel (excused)  
**Staff:** Brett Lenart, Lindsay Nelson  
**Handouts:** Agenda, May 13, 2010 Draft Minutes, Brownfield Plan for Near North Apartments Limited, Brownfield Plan for Mellencamp Building LLC, Project Tracking Table, Board Roster

**1. Call to Order & Public Comment**

Irwin called the meeting to order at 9:08 a.m. There was no public comment.

Irwin moved (Support: Sandhu) that the minutes of the May 13, 2010 meeting be approved as presented and the motion carried unanimously.

**2. WCBRA Program**

Near North Apartments Limited Brownfield Plan Approval

Steve Willobee from Soils and Materials Engineers, Teresa Welsh from Three Oaks, Mike Appel of Avalon Housing, were present to represent the project at the meeting. Matt Naud from the City of Ann Arbor was present as well.

Lenart provided an overview of the project. The Near North Project proposed the development of 39 affordable housing units, office space, and commercial space at a site located on N. Main Street in Ann Arbor. The project involves the redevelopment of housing stock into a 3-4 story mixed-use project that will seek LEED certification.

Welsh indicated that all of the buildings currently on the site are vacant except for one, which is now occupied by three students. The students will be out of the building by this fall.

Pebbles moved (Support: McClure) to approve the Brownfield Plan for Near North Apartments Limited and the motion carried unanimously. Harless abstained from the motion.

Mellencamp Building LLC Brownfield Plan Approval

Nelson provided an overview of the project, located on W. Michigan Avenue in downtown Ypsilanti. The property includes three vacant buildings. The developer proposes to renovate the buildings into a mixed use development with apartments on the 2<sup>nd</sup> and 3<sup>rd</sup> floors of the buildings and commercial retail space on the ground floor. The basements will be lowered to create legal office or studio space. Nelson indicated that the project seeks 20% MBT credits. No TIF will be utilized to support eligible activities; however, the project has been granted an OPRA certificate by the City of Ypsilanti, which shows the city's support for the project.

Nelson provided a revised Brownfield Plan to the Board, date June 10, 2010. Nelson summarized that the revised Plan had three changes since the Plan was emailed to the Board. First, the property is considered solely as functionally obsolete and the term "blighted" was removed from the text. Second, text stating that all three parcels are qualifying independently as functionally obsolete was added. Finally, the addresses of the three buildings were added to the parcel map.

Gillotti pointed out that in addition to the three buildings indicated in the Plan, there is a garage located behind the buildings across the alley that is also part of the property. The garage will be developed into office, studio,

or storage space. Gillotti also mentioned that the four parcels have been combined into one tax parcel with a single parcel number. Nelson will update the plan based on these changes.

Pebbles expressed concern over the lowering of the basement and soil removal given that no TIF or development agreement would be executed to ensure proper handling of soils. Pebbles moved (Support: Harless) to amend the Plan to include language that indicates that soil removed from the property will be evaluated to ensure compliance with all applicable laws.

McClure moved (Support: Sandhu) to approve the Brownfield Plan for Mellencamp Building LLC as amended and the motion carried unanimously.

#### Outreach

Lenart indicated that he has scheduled two outreach presentations. A presentation is confirmed for the County Bar Association on September 21, 2010 at 12:00 p.m. at 200 N. Main Street. A presentation is tentatively scheduled for the Ann Arbor Chamber of Commerce on July 13, 2010 at 11:30 p.m. at Washtenaw Community College.

#### Zingerman's Brownfield Plan Project Sub-Committee

Lenart provided an overview of the proposed expansion of the Zingerman's Deli in Ann Arbor. The project will involve the rehabilitation and renovation of the existing Deli and Annex, removal of a vacant house at 322 E. Kingsley Street, and construction of a new two-story brick addition with atrium and basement that will house a new kitchen, extended dining area, storage, offices, and retail area. The project seeks tax increment financing from local and state property tax increment and a MBT Credit. Lenart requested the appointment of a sub-committee to review the proposed Brownfield Plan. Harless, Irwin, McClure, and Sandhu volunteered to form the Project Review Sub-Committee for the Zingerman's Brownfield Project.

#### Letter of Support for Forestry Grant

Gillotti provided a letter to the Board regarding the City of Ypsilanti's application for a Great Lakes Restoration Initiative Northeastern Areas State and Private Forestry Grant on the Water Street Redevelopment Area. Gillotti provide an overview of the project and letter of support. The Water Street Redevelopment Area is a 38 acre brownfield redevelopment project located adjacent to downtown Ypsilanti along the Huron River. The project would help to complete two objectives: remediate an acre of metals contamination and establish a five acre tree nursery to provide stock for parks, trails, and street trees.

Gillotti moved (Support: Harless) to support the Water Street phytoremediation and nursery project and the motion carried unanimously.

#### Project Status Updates

Lenart provided a tracking sheet with an overview of projects. No updates were discussed.

### **3. Public Comment**

None

#### Adjourn

McClure moved (Support: Pebbles) to adjourn the meeting at 10:40 a.m. and the motion carried unanimously.

These minutes were \_\_\_\_\_ by the Washtenaw County Brownfield Redevelopment Authority Board on July 8, 2010.

**WASHTENAW COUNTY  
BROWNFIELD REDEVELOPMENT AUTHORITY**

**BROWNFIELD PLAN  
FOR THE  
DELI PARTNERS, L.L.C. – ZINGERMAN’S DELICATESSEN  
REDEVELOPMENT PROJECT**

Prepared by:  
Washtenaw County Brownfield Redevelopment Authority  
Economic Development and Energy Department  
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Ann Arbor, MI 48107-8645

Jeff Irwin, Chair  
Brett Lenart, Economic Development and Energy Department  
Lindsay Nelson, Economic Development and Energy Department

Prepared with Assistance from:

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Latest Version: June 30, 2010

Approved by the Washtenaw County Brownfield Redevelopment Authority on \_\_\_\_\_.  
Approved by the Ann Arbor City Council on \_\_\_\_\_.  
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** .....2  
**BROWNFIELD CONDITIONS** .....2

**BROWNFIELD PLAN ELEMENTS**

A. Description of costs to be Paid for with Tax Increment Revenues.....4  
B. Summary of Eligible Activities .....3  
C. Estimate of Captured Taxable Value and Tax Increment .....5  
D. Method of Financing and Description of Advances by the Municipality .....5  
E. Maximum Amount of Note or Bonded Indebtedness .....5  
F. Duration of Brownfield Plan.....5  
G. Estimated Impact of Tax Increment Financing on Revenues of Taxing  
Jurisdictions .....5  
H. Legal Description, Property Map, Statement of Quality Characteristics and  
Personal Property .....5  
I. Estimates of residents and Displacement of Families.....6  
J. Plan for Relocation of Displaced Persons.....6  
K. Provision for Relocation Costs .....6  
L. Strategy for Compliance with Michigan’s Relocation Assistance Law .....6  
M. Description of Proposed Use of Local Site Remediation Revolving Fund .....6  
N. Other Material that the Authority or Governing Body Considers Pertinent.....7

**EXHIBITS**

- A. Legal Description and Maps
- B. Letter of Functional Obsolescence

**SCHEDULES**

- 1. **Brownfield Eligible Cost Detail**
- 2. **Tax Capture Schedule**

## PROJECT SUMMARY

**Project Name:** Deli Partners, L.L.C. – Zingerman’s Delicatessen Redevelopment Project

**Project Location:** The eligible property is located at 418 (Next Door), 420 (Annex) & 422 (Deli) Detroit Street and 322 E. Kingsley Street, located at the southeast intersection of Detroit Street and E. Kingsley Street. The site consists of three parcels (09-09-29-116-010, 09-09-29-116-027 and 09-09-29-116-028).

**Type of Eligible Property:** Functionally Obsolete – The 322 E. Kingsley St. property was deemed “functionally obsolete” by a Level CME4, PPE, Assessor on June 30, 2010. The 418 and 422 Detroit Street properties are located in a qualified local governmental unit (Ann Arbor) and adjacent or contiguous to the 322 E. Kingsley St. property and their redevelopment is estimated to increase the captured taxable value of the E. Kingsley property.

**Eligible Activities:** Demolition, Lead and Asbestos Abatement, Site Preparation, Infrastructure Improvements, Development and Preparation of Brownfield Plan and Work Plan and MEGA Work Plan Review.

**Eligible Costs:** \$817,265

**Years to Complete Repayment:** Estimated to be approximately 15 years.

**Estimated Eligible Investment:** \$5.9 million

### Project Overview:

The Property will be redeveloped and consist of the rehabilitation and renovation of the Annex and Deli, removal of 322 E. Kingsley Street property and construction of a new approximately 10,400 square foot two-story brick addition with atrium and basement that will house the new kitchen, extended dining area, storage, offices and retail area. Eligible Activities, as defined by Act 381 of 1996, as amended, will be conducted as part of the project. The overall estimated investment for the project is approximately \$6.7 million. The Plan includes \$817,265 in eligible activities, which will be reimbursed through local and state property tax increment revenues. The Developer is seeking DDA assistance for infrastructure improvements, signage and green construction improvements. The Developer is also seeking City assistance through tax increment revenue capture to help pay for the eligible activities. Construction is anticipated to begin in late fall of 2010 and will continue until estimated completion in the spring of 2012. This Plan has been created for the purpose of facilitating the rehabilitation and redevelopment of the Property and to allow for the application of tax increment financing from local and state property tax increment and a State of Michigan Brownfield Redevelopment Michigan Business Tax (MBT) Credit.

## **INTRODUCTION AND PURPOSE**

The Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority and designated the boundaries of the Brownfield Authority by adoption of a resolution on May 19, 1999, pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act (PA) 381 of 1996, as amended (MCL) 125.2651 et seq., (the “Act”). The resolution was filed with Michigan Department of State, Office of the Great Seal, on May 27, 1999.

The purpose of this plan, to be implemented by the Washtenaw County Brownfield Redevelopment Authority (the “Authority”), is to satisfy the requirements for a Brownfield Plan as specified in the Act.

The Plan Project area is partially within the Ann Arbor Downtown Development Authority District and the Ann Arbor-Ypsilanti Smart Zone District.

The Authority proposes to implement this Plan in an effort to promote economic development and redevelopment within the County.

## **DELI PARTNERS, L.L.C. – ZINGERMAN’S BROWNFIELD PROJECT**

### **ELIGIBLE PROPERTY INFORMATION**

The 0.34-acre site is located in the City of Ann Arbor, Washtenaw County, at 418 (Next Door), 420 (Annex) & 422 (Deli) Detroit Street and 322 E. Kingsley Street, located at the southeast intersection of Detroit Street and E. Kingsley Street. The site consists of three parcels (09-09-29-116-010, 09-09-29-116-027 and 09-09-29-116-028) (the “Property”) containing the Deli, Next Door and the Annex occupied by Zingerman’s Delicatessen and the 322 E. Kingsley Street site contains one dilapidated functionally obsolete uninhabitable residential structure. All parcels are currently zoned D2 and will remain as such. Per the City of Ann Arbor’s requirements, the three parcels will be combined into one parcel. See Exhibit A for the legal description and maps of the site.

The site is located in a dense, mixed-use neighborhood in the City of Ann Arbor. The site is serviced by asphalt and brick paver streets, City water and sewer, and is in close proximity to the municipal farmer’s market. All typical urban infrastructure, public and private is provided in the vicinity of the site.

### **PROPOSED REDEVELOPMENT**

The Property is currently owned by Deli Partners, L.L.C. (“Deli Partners”) and is leased to Zingerman’s Delicatessen and will remain in this structure. The Property will be redeveloped and consist of the rehabilitation and renovation of the Annex and Deli, removal of 322 E. Kingsley Street property and construction of a new approximately 10,400 square foot two-story brick addition with atrium and basement that will house the new kitchen, extended dining area, storage, offices and retail area (the “Project”). The addition and atrium will be constructed with various green elements such as low-flow fixtures, heat recapture, high-efficiency lighting, reuse of existing structures and incorporate the reuse of rainwater on the site. In addition, the first floor roof of the Deli will include a green roof. The addition and atrium will likely qualify for LEED certification and the Developer is currently evaluating the overall project costs to determine the feasibility of actual certification.

The overall estimated investment for this commercial project is approximately \$6.7 million. Construction for the Project is anticipated to begin in fall of 2010 and will continue until completion in approximately spring 2012. It is estimated that the project will result in the creation of up to 65 new full time jobs. This Plan has been created to facilitate the redevelopment of the Property to allow the Authority to utilize Tax Increment Financing (“TIF”) to reimburse the Developer for the eligible activities identified within this Plan, and to allow the Developer to apply for a Michigan Business Tax Credit (MBT).

### **BROWNFIELD CONDITIONS**

The 322 E. Kingsley St. property was deemed “functionally obsolete” by a Level CME4, PPE, Assessor on June 30, 2010. A copy of the Affidavit of the Assessor is attached as Exhibit B. The 418 and 422 Detroit Street properties are adjacent or contiguous to the 322 E. Kingsley St. property and their redevelopment is estimated to increase the captured taxable value of the E. Kingsley property. The City of Ann Arbor is considered a qualified local governmental unit as provided in Act 146 of 2000, as amended. The definition of “eligible property” in the Act includes property that is located in a qualified local governmental unit and is a facility, functionally obsolete, or blighted and includes parcels that are adjacent or contiguous to that



property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property. Therefore, the Property is considered “eligible property” since it has been deemed “functionally obsolete” by a Level CME4, PPE Assessor and it is located in a qualified local governmental unit.

Previously, the property was used for multiple functions including retail, general business office, restaurant/deli, and residential uses.

**BROWNFIELD PLAN ELEMENTS**

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

Deli Partners 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 \$817,265, plus interest at 5%. A detailed table of these costs is attached as Schedule 1. Additionally, the Authority will capture administrative fees and Local Site Remediation Revolving Funds from this Plan.

**B. A brief summary of the eligible activities that are proposed for the eligible property. (MCLA 125.2663(1)(b))**

“Eligible activities” are defined in the Act as meaning one or more of the following: (i) baseline environmental assessment activities; (ii) due care activities; and (iii) additional response activities. In addition, in qualified local governmental units such as the City of Ann Arbor, the Act includes the following additional “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 response activity under Part 201 of NREPA. Table 1 below presents estimated costs of Michigan Economic Growth Authority (MEGA) eligible activities which qualify for reimbursement from TIF.

Table 1 – MEGA Eligible Activities	
Task	Cost Estimate
1. Demolition	\$ 100,000
2. Lead and Asbestos Abatement	\$ 25,000
3. Infrastructure Improvements	\$ 41,300
4. Site Preparation	\$ 534,800
5. Contingencies – (15%)	\$105,165
6. Development and preparation of Brownfield Plan and Work Plan	\$10,000
7. MEGA work plan review	\$ 1,000
<b>TOTAL</b>	<b>\$ 817,265</b>

\*Includes principal cost of total eligible activities. The brownfield plan contemplates interest at 5% on the principal activities, which is further detailed in Schedule 2.

The eligible activities estimated in Table 1 above include the following:

1. Demolition: The existing buildings will require selective interior and exterior demolition. In addition, certain site improvements will be demolished in preparation of site redevelopment. The Annex building will need to be moved to allow for demolition of the foundation structure and replaced following reconstruction. The existing residential structure located on 322 E. Kingsley will be demolished to make way for the new two-story structure. Demolition activities will include proper disposal of non-reusable or non-recyclable building. This may include items such as the removal of existing unusable site improvements, paving, concrete, foundations, curbs, sidewalks, etc.
2. Lead and Asbestos Abatement: Lead and asbestos materials will be abated in the E. Kingsley residential unit as well as the Annex building as required.
3. Infrastructure Improvements: Public infrastructure improvements will include water, storm sewer and sanitary sewer upgrades, street repair and improvements to Detroit and E. Kingsley Streets, sewer disconnects, sidewalks, curbs, streetscape improvements such as benches and plants. Eligible Activities will include all design and engineering pertaining to the public infrastructure activities.
4. Site Preparation: Various site preparation activities will be required including erosion control, soils excavation and removal, fill material, earth retention system, green storm water retention system, temporary site control and testing, design and engineering pertaining to eligible activities.
5. Contingencies: A contingency of 15% on the eligible activities listed above.
6. Plan Preparation and Development: Reasonable cost for development and preparation of the project brownfield plan and detailed work plan.
7. MEGA: MEGA Work Plan review fee.

In addition, the Plan includes interest associated with the eligible activities calculated at 5% to address the true cost of conducting the eligible activities associated with the Project.

**C. 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(1)(c))**

An estimate of the captured taxable value and tax increment revenues by year for real property is attached as Schedule 2.

**D. 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 municipality. (MCLA 125.2663(1)(d))**

The costs of the Plan will be financed by Deli Partners, L.L.C. Eligible costs and interest of 5% will be reimbursed through tax increment revenues generated from the Property. Tax increment revenues will be sought from both local and state tax capture, pursuant to an Act 381 Work Plan and this document. The Developer will be reimbursed for eligible activities pursuant to an executed development and reimbursement agreement after Brownfield Plan approval and the generation of adequate tax increment revenues. Schedule 2 provides a breakdown of the state and local tax portions of the eligible activity reimbursement.

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

None.

**F. The duration of the brownfield 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) 35 years. (MCLA 125.2663(1)(f))**

It is estimated that redevelopment of the Property will be completed in two years and that it will take fifteen (15) years to be reimbursed for eligible costs through tax increment revenues. In addition, once all eligible costs are reimbursed, funds will be captured for the county-wide local site remediation revolving fund. Therefore, the capture will begin in 2011 and will remain under the Plan to the extent that all eligible activities undertaken in this Plan are repaid, but in no event will the Plan exceed the maximum duration provided for in (MCLA 125.2663(1)(f)).

**G. An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is located. (MCLA 125.2663(1)(g))**

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

**H. A legal description of each parcel of eligible property to which the plan applies, a map showing the locations 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 part of the eligible property. (MCLA 125.2663(1)(h))**

1. Legal Description: See attached Exhibit A.
2. Location and Site maps: See Exhibit A.

3. Characteristics of Property: The “eligible property” was historically used as a grocery, deli and for prior residential uses, which have since been converted to deli and associated business use.
4. Personal Property: New personal property is included as part of the eligible property.
5. The property is an Eligible Property pursuant to the Act based on the conclusion of functional obsolescence by a Level CME4,PPE Assessor and provided in Exhibit B.

**I. An estimate of the number of persons residing on each eligible property to which the plan applies and the number of families and individuals to be displaced, if any. (MCLA 125.2663(1)(i))**

There are no persons residing on this Property.

**J. A plan for establishing priority for the relocation of persons displaced by implementation of the plan, if applicable. (MCLA 125.2663(1)(j))**

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

**K. Provision for the costs of relocating persons displaced by implementation of the plan, and financial assistance and other reimbursement of expenses, if any. (MCLA 125.2663(1)(k))**

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

**L. A strategy for compliance with the Michigan Relocation Assistance Act, if applicable. (MCLA 125.2663(1)(l))**

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

**M. A description of the proposed use of the local site remediation revolving fund. (MCLA 125.2663(1)(m))**

The Washtenaw County Brownfield Redevelopment 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 is estimated at \$122,590.

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

**N. Other material that the authority or governing body considers pertinent.  
(MCLA 125.2663(1)(n))**

It is anticipated that the Project will attain a silver or perhaps gold LEED certification level for the addition and atrium, based upon the standards for such certification in effect as of the date of the site-plan approval. However, the Developer is currently evaluating the overall project costs to determine the feasibility of actual certification. The Developer may be able to seek LEED certification with assistance from the City of Ann Arbor Downtown Development Authority.

**Administrative Fees**

The amount of tax increment revenue authorized for capture and deposit for Washtenaw County Brownfield Redevelopment Authority's administrative and operating expenses is \$81,726.

**Michigan Business Tax Credit**

It is the intention of the Michigan Legislature to encourage redevelopment of brownfields using the Michigan Business Tax credit incentive permitted under Act 36, Public Acts of 2007, as amended. The Michigan Business Tax credit can be based upon any "eligible investment" at the Property. The Michigan Business Tax credit will be based upon any eligible investment or part thereof incurred by a qualified taxpayer after approval of this Brownfield Redevelopment Plan and within ninety (90) days prior to the receipt of a preapproval letter from the Michigan Economic Growth Authority or the Chair of the MEGA Board, as applicable.

"Eligible investment" means demolition, construction, restoration, alteration, renovation, or improvement of buildings on Eligible Property and the addition of machinery, equipment, and fixtures to the Property.

Deli Partners intends to apply for a Michigan business tax ("MBT") credit at the Eligible Property pursuant to Act 36 of the Public Acts of Michigan of 2007, as amended.

**Exhibit A**

Property Description

Property Address: 418 Detroit Street  
Ann Arbor, Michigan

Parcel ID No.: 09-09-29-116-027

Legal Description: PRT OF LOT 140, ASSESSOR'S PLAT NO 29 DESC AS BEG AT A PT ON WLY LINE OF LOT 140, DIST S 38 DEG 51 MIN 00 SEC W 12.72 FT FROM NWLY COR OF LOT 140, TH S 50 DEG 58 MIN 07 SEC E 30.74 FT, TH S 44 DEG 02 MIN 00 SEC E 27.56 FT, TH S 68 DEG 31 MIN 00 SEC E 42.68 FT, TH S 03 DEG 56 MIN 51 SEC W 48.57 FT, TH N 85 DEG 50 MIN 35 SEC W 44.77 FT, TH N 51 DEG 09 MIN 00 SEC W 89.8 FT, TH N 38 DEG 51 MIN 00 SEC E 56.09 FT TO POB

Property Address: 422 Detroit Street  
Ann Arbor, Michigan

Parcel ID No.: 09-09-29-116-028

Legal Description: LOT 139 & PRT OF LOT 140 DESC AS BEG AT NWLY COR OF LOT 140, TH S 68 DEG 04 MIN 26 SEC E 83.1 FT, TH S 03 DEG 56 MIN 51 SEC W 33.76 FT, TH N 68 DEG 31 MIN 00 SEC W 42.68 FT, TH N 44 DEG 02 MIN 00 SEC W 27.56 FT, TH N 50 DEG 58 07 SEC W 30.74 FT, TH N 38 DEG 51 00 SEC E 12.72 FT TO POB. 2353 SQ FT. ASSESSOR'S PLAT NO 29

Property Address: 322 E. Kingsley Street  
Ann Arbor, Michigan

Parcel ID No.: 09-09-29-116-010

Legal Description: LOT 141 ASSESSORS PLAT NO 29

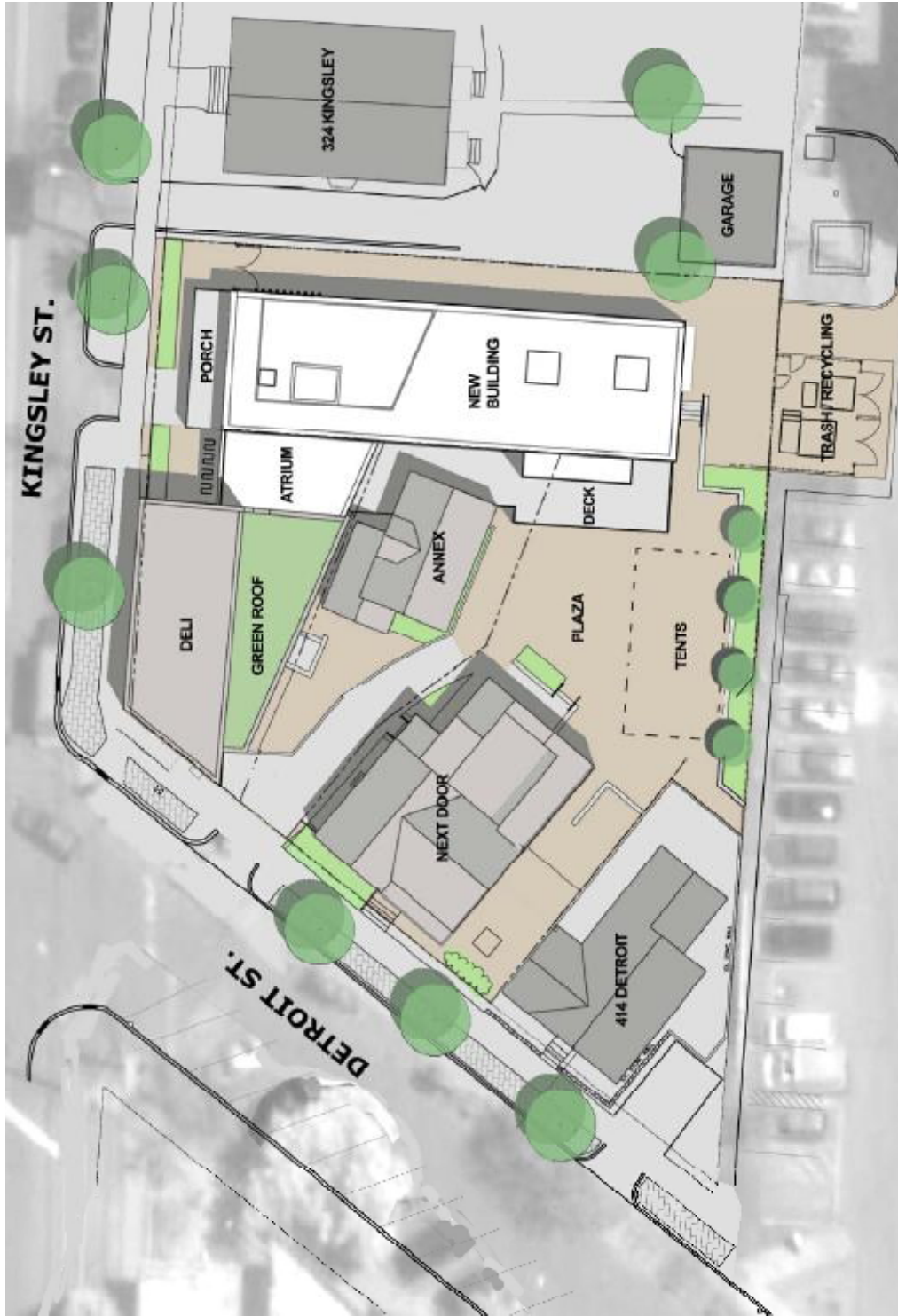
## Maps of Eligible Property





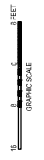






DIAGRAMMATIC SITE PLAN

CONCEPT DESIGN  
 2014-2015



Diagrammatic Site Plan - A000  
 April 16, 2010



**Exhibit B**

**Letter of Functional Obsolescence**

**AFFIDAVIT OF DAVID PETRAK**

STATE OF MICHIGAN )

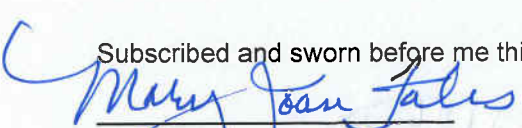
COUNTY OF WASHTENAW )

David Petrak, being sworn, says:

1. I have personal knowledge of the facts stated in this affidavit and, if sworn as a witness, I am competent to testify thereto.
2. I am the City Assessor, CMAE4, PPE, for the City of Ann Arbor, a Michigan municipal corporation, a "qualified local governmental unit" as provided in Act 146 of 2000, as amended.
3. The property consists of approximately 0.34-acre located in the City of Ann Arbor, Washtenaw County, at 418 (Next Door), 420 (Annex) & 422 (Deli) Detroit Street and 322 E. Kingsley Street, situated at the southeast intersection of Detroit Street and E. Kingsley Street. The property is current composed of three parcels (09-09-29-116-010, 09-09-29-116-027 and 09-09-29-116-028) (the "Property") containing the Deli, Next Door and the Annex occupied by Zingerman's Delicatessen. City of Ann Arbor regulations require the Property Owner, Deli Partners, LLC, to combine the three parcels into one parcel.
4. I made a physical inspection of the subject property on June 29, 2010. The 322 E. Kingsley Street site contains one dilapidated uninhabitable residential structure. The annex structure on 420 Detroit Street is, based on age and condition, blighted and not readily adaptable to continued or future use.
5. The Brownfield Redevelopment Financing Act provides under MCL 125.2652(2)(q) that "functional obsolete" means the property is unable to be used to adequately perform the function for which it was intended due to, among other conditions, deficiencies or inadequacies in design or other similar factors that affect the property itself or the property's relationship to surrounding property.
6. On the basis of my physical inspection of the aforementioned property and my professional training and experience as an Assessor for the City of Ann Arbor, I have determined that the portions of the property comprised of 322 E. Kingsley Street and 420 Detroit Street are "functionally obsolete" within the meaning of the Brownfield Redevelopment Act and unable to be used as intended.
7. The above determination is not intended to reflect the official opinion of the City Assessor's Office in determination of value for the current and/or any future assessment roll but is made for the sole purpose of determining whether the property is an "eligible property" under the provisions of the Brownfield Redevelopment Act.
8. Further affiant sayeth not.

  
David Petrak

Subscribed and sworn before me this 30<sup>th</sup> day of June, 2010.

  
Mary Joan Fales, Notary Public  
Monroe County, Michigan  
Acting in Washtenaw County, Michigan

Commission Expires: October 7, 2015

**Funding Sources and Costs for Redevelopment Activities**

**Project Name:** Deli Partners, L.L.C.  
**Project Address:** 418 & 422 Detroit St., 322 E. Kingsley St.  
**Parcel Number(s):** 09-09-29-116-010, 09-09-29-116-027, 09-09-29-116-028

Item/Activity	Total Cost	Cost Breakdown by Funding Source		
		Developer	BRA TIF	MBT
<b>Site Preparation/Development (building demolition, utilities, and engineering/architectural/design services, etc)</b>				
Demolition Activities	\$100,000		\$100,000	
Lead and Asbestos Abatement	\$25,000		\$25,000	
Infrastructure Improvements (city walk repairs)	\$5,700		\$5,700	
Infrastructure Improvements (street repairs)	\$6,800		\$6,800	
Infrastructure Improvements (Utility upgrades)	\$27,300		\$27,300	
Infrastructure Improvements (concrete curb)	\$1,500		\$1,500	
Site Preparation (erosion control)	\$2,000		\$2,000	
Site Preparation (soils excavation, removal)	\$94,800		\$94,800	
Site Preparation (fill material)	\$35,000		\$35,000	
Site Preparation (earth retention)	\$150,000		\$150,000	
Site Preparation (storm water retention system)	\$154,000		\$154,000	
Site Preparation (temporary site control)	\$50,000		\$50,000	
Site Preparation (design, engineering and testing)	\$49,000		\$49,000	
<b>Contingency</b>				
15% Contingency	\$105,165		\$105,165	
<b>Professional Services</b>				
Reasonable costs of developing and preparing brownfield plans and work plans	\$11,000		\$11,000	
<b>Building Construction</b>				
Building construction *	\$5,900,000	\$5,900,000		\$1,003,000**
<b>Projected Totals</b>	<b>\$6,717,265</b>	<b>\$5,900,000</b>	<b>\$817,265</b>	

\*Estimated Eligible Investment

\*\*Developer may utilize some of the credit to offset their own liability. Value assumes \$5.9 in eligible investment and 20% MBT credit with net benefit of MBT after applying 85% statutory refund minimum.

\*\*\*TIF figures above are net of interest cost (\$416,672), which is only an estimate based on current projections. Interest reimbursement under the Plan will reflect actual interest cost

TIF: Tax Increment Financing

MBT: Michigan Business Tax Credit

**Tax Capture by Jurisdiction**

Deli Partners, L.L.C. - TIF Schedule

Project Name: Deli Partners, L.L.C.

Community: Ann Arbor

**Schedule 2 - Combined Brownfield TIF Capture (DDA and Non-DDA Property)**

Eligible Expenses for Reimbursement under Public Act 381	
MEGA - Core Community Related Activities	\$817,265
MDEQ - Contamination Activities	\$0
<b>Total Eligible Activities (Principal)</b>	<b>\$817,265</b>
Brownfield Program Administrative Fee (1)	\$71,884
Local Site Remediation Revolving Fund Capture (2)	\$122,590
<b>Total Eligible Principal Costs for TIF Reimbursement</b>	<b>\$1,011,738</b>

	Year 1 (2010)	Year 2 (2011)	Year 3 (2012)	Year 4 (2013)	Year 5 (2014)	Year 6 (2015)	Year 7 (2016)	Year 8 (2017)	Year 9 (2018)	Year 10 (2019)
Existing Taxable Value (TV) (6):	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228
New Taxable Value for Non-Homestead: (3)	\$669,228	\$675,920	\$1,982,429	\$3,302,004	\$3,335,024	\$3,368,374	\$3,402,058	\$3,436,078	\$3,470,439	\$3,505,144
New Taxable Value for Homestead: (3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Incremental Difference (New Taxable Value - Existing):</b>	<b>\$0</b>	<b>\$6,692</b>	<b>\$1,313,201</b>	<b>\$2,632,776</b>	<b>\$2,665,796</b>	<b>\$2,699,146</b>	<b>\$2,732,830</b>	<b>\$2,766,850</b>	<b>\$2,801,211</b>	<b>\$2,835,916</b>

Millage Category	Millage Rates
<b>State Capture (4)</b>	
State Education Tax (SET)	6.00000 \$ - \$ 22 \$ 6,385 \$ 12,811 \$ 12,961 \$ 13,113 \$ 13,266 \$ 13,421 \$ 13,578 \$ 13,736
School Operating	17.96940 \$ - \$ 67 \$ 19,121 \$ 38,366 \$ 38,817 \$ 39,272 \$ 39,731 \$ 40,196 \$ 40,664 \$ 41,138
<b>STATE TOTAL</b>	<b>23.9694 \$ - \$ 89 \$ 25,506 \$ 51,177 \$ 51,778 \$ 52,385 \$ 52,998 \$ 53,617 \$ 54,242 \$ 54,874</b>
State - Accumulated Capture	\$ - \$ 89 \$ 25,595 \$ 76,772 \$ 128,550 \$ 180,934 \$ 233,932 \$ 287,549 \$ 341,791 \$ 396,665

<b>Local Capture (5)</b>	
Intermediate School District (ISD)	3.97450 \$ - \$ 15 \$ 4,229 \$ 8,486 \$ 8,586 \$ 8,686 \$ 8,788 \$ 8,891 \$ 8,994 \$ 9,099
Community College	3.68560 \$ - \$ 3 \$ 3,004 \$ 6,035 \$ 6,098 \$ 6,162 \$ 6,226 \$ 6,291 \$ 6,357 \$ 6,423
County Operating	5.67680 \$ - \$ 4 \$ 4,680 \$ 9,402 \$ 9,500 \$ 9,599 \$ 9,700 \$ 9,801 \$ 9,903 \$ 10,006
CVT	0.98610 \$ - \$ 7 \$ 1,295 \$ 2,596 \$ 2,629 \$ 2,662 \$ 2,695 \$ 2,728 \$ 2,762 \$ 2,796
Library	1.92140 \$ - \$ 1 \$ 1,263 \$ 2,538 \$ 2,565 \$ 2,591 \$ 2,618 \$ 2,646 \$ 2,673 \$ 2,701
City Operating	6.16820 \$ - \$ 5 \$ 5,027 \$ 10,100 \$ 10,205 \$ 10,312 \$ 10,420 \$ 10,529 \$ 10,639 \$ 10,750
Local Enhancement	10.14820 \$ - \$ 8 \$ 8,271 \$ 16,617 \$ 16,790 \$ 16,966 \$ 17,143 \$ 17,322 \$ 17,503 \$ 17,686
<b>LOCAL - TOTAL CAPTURE</b>	<b>32.5608 \$ - \$ 42 \$ 27,769 \$ 55,773 \$ 56,373 \$ 56,978 \$ 57,590 \$ 58,207 \$ 58,831 \$ 59,461</b>
Local - Accumulated Capture	\$ - \$ 42 \$ 27,811 \$ 83,584 \$ 139,956 \$ 196,934 \$ 254,524 \$ 312,731 \$ 371,562 \$ 431,023

<b>TOTAL TAX CAPTURE (school and local)</b>	<b>56.53020 \$ - \$ 131 \$ 53,275 \$ 106,950 \$ 108,150 \$ 109,363 \$ 110,587 \$ 111,824 \$ 113,073 \$ 114,335</b>
Accumulated Tax Capture	\$ - \$ 131 \$ 53,406 \$ 160,355 \$ 268,506 \$ 377,868 \$ 488,456 \$ 600,280 \$ 713,353 \$ 827,688
WCBRA Administrative Fees (10% of Eligible Costs)*	\$ - \$ 7 \$ 2,664 \$ 5,347 \$ 5,408 \$ 5,468 \$ 5,529 \$ 5,591 \$ 5,654 \$ 5,717
Local Site Remediation Revolving Fund Capture*	\$ 7 \$ 2,664 \$ 5,347 \$ 5,408 \$ 5,468 \$ 5,529 \$ 5,591 \$ 5,654 \$ 5,717
<b>Total Tax Capture Available for Core Community Activities</b>	<b>\$ - \$ 118 \$ 47,947 \$ 96,255 \$ 97,335 \$ 98,426 \$ 99,529 \$ 100,642 \$ 101,766 \$ 102,901</b>

<b>MEGA Eligible Activities</b>	<b>\$ - \$ 118 \$ 47,947 \$ 96,255 \$ 97,335 \$ 98,426 \$ 99,529 \$ 100,642 \$ 101,766 \$ 102,901</b>
<b>Total Capture Available for Reimbursement</b>	<b>\$ - \$ 118 \$ 47,947 \$ 96,255 \$ 97,335 \$ 98,426 \$ 99,529 \$ 100,642 \$ 101,766 \$ 102,901</b>

<b>Accumulated Tax Capture Available for Reimbursement of Core Community Activities</b>	<b>\$ - \$ 118 \$ 48,065 \$ 144,320 \$ 241,655 \$ 340,081 \$ 439,610 \$ 540,252 \$ 642,018 \$ 744,919</b>
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**(1) Administrative Fees:**

Allowable through Public Act 381 -- Ten percent (10%) of the yearly TIF for the length of the reimbursement period.  
Taken from Local Taxes Only.

**(2) Local Site Remediation Revolving Fund:**

Allowable through Public Act 381 -- 15% capture for the LSRRF.

(3) Taxable Value (TV) is increased 1% per year for inflation.

(4) State Capture does not include Debt

(5) Local Capture cannot include any debt. All millage rates are listed without debt.

(6) Includes TV increases of \$486,250 in 2012 and 2013 on the DDA parcels and \$813,500 in 2012 and 2013 on Non-DDA property.

Schedule 2 - Combined Brownfield TIF Capture (DDA and Non-DDA Property)

Year 11 (2020)	Year 12 (2021)	Year 13 (2022)	Year 14 (2023)	Year 15 (2024)	Year 16 (2025)	Year 17 (2026)	
\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	\$669,228	
\$3,540,195	\$3,575,597	\$3,611,353	\$3,647,466	\$3,683,941	\$3,720,781	\$3,795,196	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	
\$2,870,967	\$2,906,369	\$2,942,125	\$2,978,238	\$3,014,713	\$3,051,553	\$3,125,968	Total Project Capture

\$ 13,896	\$ 14,057	\$ 14,220	\$ 999	\$ -	\$ -	\$ -	\$ 142,464
\$ 41,616	\$ 42,099	\$ 42,587	\$ 2,993	\$ -	\$ -	\$ -	\$ 426,666
\$ 55,512	\$ 56,156	\$ 56,807	\$ 3,992	\$ -	\$ -	\$ -	\$ 569,131
\$ 452,176	\$ 508,332	\$ 565,139	\$ 569,131	\$ 569,131	\$ 569,131	\$ 569,131	

\$ 9,205	\$ 9,312	\$ 9,419	\$ 9,528	\$ 9,638	\$ 12,128	\$ 12,424	\$ 137,428
\$ 6,490	\$ 6,558	\$ 6,626	\$ 6,695	\$ 6,765	\$ 6,835	\$ 6,977	\$ 93,543
\$ 10,111	\$ 10,216	\$ 10,323	\$ 10,430	\$ 10,539	\$ 10,648	\$ 10,870	\$ 145,732
\$ 2,831	\$ 2,866	\$ 2,901	\$ 2,937	\$ 2,973	\$ 1,829	\$ 1,867	\$ 38,374
\$ 2,729	\$ 2,758	\$ 2,787	\$ 2,816	\$ 2,845	\$ 2,875	\$ 2,934	\$ 39,340
\$ 10,862	\$ 10,975	\$ 11,089	\$ 11,205	\$ 11,321	\$ 11,439	\$ 11,677	\$ 156,554
\$ 17,870	\$ 18,056	\$ 18,244	\$ 18,435	\$ 18,626	\$ 18,820	\$ 19,212	\$ 257,569
\$ 60,098	\$ 60,740	\$ 61,390	\$ 62,045	\$ 62,708	\$ 64,575	\$ 65,962	\$ 868,541
\$ 491,121	\$ 551,861	\$ 613,251	\$ 675,296	\$ 738,004	\$ 802,579	\$ 868,541	

\$ 115,609	\$ 116,896	\$ 118,196	\$ 66,037	\$ 62,708	\$ 64,575	\$ 65,962	\$ 1,437,671
\$ 943,297	\$ 1,060,194	\$ 1,178,390	\$ 1,244,427	\$ 1,307,135	\$ 1,371,710	\$ 1,437,671	
\$ 5,780	\$ 5,845	\$ 5,910	\$ 3,302	\$ 3,135	\$ 3,229	\$ 3,298	\$ 71,884
\$ 5,780	\$ 5,845	\$ 5,910	\$ 3,302	\$ 3,135	\$ 3,831	\$ 53,402	\$ 122,590
\$ 104,048	\$ 105,207	\$ 106,377	\$ 59,434	\$ 56,437	\$ 57,515	\$ -	\$ 1,243,198

\$ 104,048	\$ 105,207	\$ 106,377	\$ 59,434	\$ 56,437	\$ 57,515	\$ -	\$ 1,233,936
\$ 104,048	\$ 105,207	\$ 106,377	\$ 59,434	\$ 56,437	\$ 57,515	\$ -	\$ 1,233,936

\$ 848,968	\$ 954,174	\$ 1,060,551	\$ 1,119,984	\$ 1,176,421	\$ 1,233,936	\$ 1,233,936	
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**Tax Capture by Jurisdiction - Non DDA Parcel**

Deil Partners, L.L.C.

Project Name: Deil Partners, L.L.C.

Schedule 2 - Brownfield TIF Capture from Non-DDA Property

Community: Ann Arbor

Year 1 (2010)	Year 2 (2011)	Year 3 (2012)	Year 4 (2013)	Year 5 (2014)	Year 6 (2015)	Year 7 (2016)	Year 8 (2017)	Year 9 (2018)	Year 10 (2019)	Year 11 (2020)	Year 12 (2021)	Year 13 (2022)	Year 14 (2023)	Year 15 (2024)	Year 16 (2025)
<b>Eligible Expenses for Reimbursement under Public Act 381</b>															
Contamination/Core Community Related Activities	\$0														
Brownfield Program Administrative Fee (1)	\$0														
Local Site Remediation Revolving Fund Capture (2)	\$0														
Total Eligible Costs for TIF Reimbursement	\$0														
Existing Taxable Value (TV):	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775	\$74,775
New Taxable Value for Non-Homestead: (3)	\$74,775	\$75,523	\$89,778	\$1,712,176	\$1,729,298	\$1,746,590	\$1,764,056	\$1,781,697	\$1,799,514	\$1,817,509	\$1,835,684	\$1,854,041	\$1,872,581	\$1,891,307	\$1,910,220
New Taxable Value for Homestead: (3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Incremental Difference (New Taxable Value - Existing):	\$0	\$748	\$815,003	\$1,637,401	\$1,654,523	\$1,671,815	\$1,689,281	\$1,706,922	\$1,724,739	\$1,742,734	\$1,760,909	\$1,779,266	\$1,797,806	\$1,816,532	\$1,835,445

Total Project Capture

Millage Category	Millage Rates
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State Capture (4)	Year 1 (2010)	Year 2 (2011)	Year 3 (2012)	Year 4 (2013)	Year 5 (2014)	Year 6 (2015)	Year 7 (2016)	Year 8 (2017)	Year 9 (2018)	Year 10 (2019)	Year 11 (2020)	Year 12 (2021)	Year 13 (2022)	Year 14 (2023)	Year 15 (2024)	Year 16 (2025)
State Education Tax (SET)	6.00000	\$ -	\$ 4	\$ 4,890	\$ 9,824	\$ 9,927	\$ 10,031	\$ 10,136	\$ 10,242	\$ 10,348	\$ 10,456	\$ 10,565	\$ 10,676	\$ 10,787	\$ 10,899	\$ 11,013
School Operating	17.96940	\$ -	\$ 13	\$ 14,645	\$ 29,423	\$ 29,731	\$ 30,042	\$ 30,355	\$ 30,672	\$ 30,993	\$ 31,316	\$ 31,642	\$ 31,972	\$ 32,306	\$ 32,642	\$ 32,982
<b>STATE TOTAL</b>	<b>23.9694</b>	<b>\$ -</b>	<b>\$ 18</b>	<b>\$ 19,535</b>	<b>\$ 39,248</b>	<b>\$ 39,658</b>	<b>\$ 40,072</b>	<b>\$ 40,491</b>	<b>\$ 40,914</b>	<b>\$ 41,341</b>	<b>\$ 41,772</b>	<b>\$ 42,208</b>	<b>\$ 42,648</b>	<b>\$ 43,092</b>	<b>\$ 43,541</b>	<b>\$ 44,452</b>
State - Accumulated Capture	\$ -	\$ -	\$ 18	\$ 19,553	\$ 39,801	\$ 39,458	\$ 38,531	\$ 37,022	\$ 34,936	\$ 32,304	\$ 29,157	\$ 25,505	\$ 21,360	\$ 16,730	\$ 11,645	\$ 7,118

Local Capture (5)	Year 1 (2010)	Year 2 (2011)	Year 3 (2012)	Year 4 (2013)	Year 5 (2014)	Year 6 (2015)	Year 7 (2016)	Year 8 (2017)	Year 9 (2018)	Year 10 (2019)	Year 11 (2020)	Year 12 (2021)	Year 13 (2022)	Year 14 (2023)	Year 15 (2024)	Year 16 (2025)
Intermediate School District (ISD)	3.97450	\$ -	\$ 3	\$ 3,239	\$ 6,508	\$ 6,576	\$ 6,645	\$ 6,714	\$ 6,784	\$ 6,855	\$ 6,926	\$ 6,999	\$ 7,072	\$ 7,145	\$ 7,220	\$ 7,295
Community College	3.88560	\$ -	\$ 3	\$ 3,004	\$ 6,035	\$ 6,098	\$ 6,162	\$ 6,226	\$ 6,291	\$ 6,357	\$ 6,423	\$ 6,490	\$ 6,558	\$ 6,626	\$ 6,695	\$ 6,765
County Operating	5.74190	\$ -	\$ 4	\$ 4,680	\$ 9,402	\$ 9,500	\$ 9,599	\$ 9,700	\$ 9,801	\$ 9,903	\$ 10,006	\$ 10,111	\$ 10,216	\$ 10,323	\$ 10,430	\$ 10,539
CVT	0.98910	\$ -	\$ 1	\$ 804	\$ 1,615	\$ 1,632	\$ 1,649	\$ 1,666	\$ 1,683	\$ 1,701	\$ 1,719	\$ 1,738	\$ 1,755	\$ 1,773	\$ 1,791	\$ 1,810
Library	1.55000	\$ -	\$ 1	\$ 1,263	\$ 2,538	\$ 2,565	\$ 2,591	\$ 2,618	\$ 2,646	\$ 2,673	\$ 2,701	\$ 2,729	\$ 2,758	\$ 2,787	\$ 2,816	\$ 2,845
City Operating	6.16820	\$ -	\$ 5	\$ 5,027	\$ 10,100	\$ 10,205	\$ 10,312	\$ 10,420	\$ 10,529	\$ 10,639	\$ 10,750	\$ 10,862	\$ 10,975	\$ 11,089	\$ 11,205	\$ 11,321
Local Enhancement	10.14820	\$ -	\$ 8	\$ 8,271	\$ 16,617	\$ 16,790	\$ 16,966	\$ 17,143	\$ 17,322	\$ 17,503	\$ 17,686	\$ 17,870	\$ 18,056	\$ 18,244	\$ 18,435	\$ 18,626
<b>LOCAL - TOTAL CAPTURE</b>	<b>32.2544</b>	<b>\$ -</b>	<b>\$ 24</b>	<b>\$ 26,287</b>	<b>\$ 52,813</b>	<b>\$ 53,366</b>	<b>\$ 53,923</b>	<b>\$ 54,487</b>	<b>\$ 55,056</b>	<b>\$ 55,630</b>	<b>\$ 56,211</b>	<b>\$ 56,797</b>	<b>\$ 57,389</b>	<b>\$ 57,987</b>	<b>\$ 58,591</b>	<b>\$ 59,201</b>
Local - Accumulated Capture	\$ -	\$ -	\$ 24	\$ 26,312	\$ 79,125	\$ 132,491	\$ 186,414	\$ 240,901	\$ 295,956	\$ 351,587	\$ 407,798	\$ 464,595	\$ 521,984	\$ 579,971	\$ 638,562	\$ 697,763

<b>TOTAL TAX CAPTURE (school and local)</b>	<b>56.22380</b>	<b>\$ -</b>	<b>\$ 42</b>	<b>\$ 45,823</b>	<b>\$ 92,061</b>	<b>\$ 93,024</b>	<b>\$ 93,996</b>	<b>\$ 94,978</b>	<b>\$ 95,970</b>	<b>\$ 96,971</b>	<b>\$ 97,983</b>	<b>\$ 99,005</b>	<b>\$ 100,037</b>	<b>\$ 101,080</b>	<b>\$ 102,132</b>	<b>\$ 103,196</b>	<b>\$ 104,270</b>	<b>\$ 1,320,566</b>
Accumulated Tax Capture	\$ -	\$ -	\$ 42	\$ 45,865	\$ 137,925	\$ 230,949	\$ 324,945	\$ 418,923	\$ 515,892	\$ 612,864	\$ 710,847	\$ 809,852	\$ 909,889	\$ 1,010,968	\$ 1,113,101	\$ 1,216,296	\$ 1,320,566	
WCBRA Administrative Fees (10% of Eligible Costs)	\$ -	\$ -	\$ 2	\$ 2,291	\$ 4,693	\$ 4,651	\$ 2,696	\$ 2,724	\$ 2,753	\$ 2,782	\$ 2,811	\$ 2,840	\$ 2,869	\$ 2,899	\$ 2,930	\$ 2,960	\$ 2,991	\$ 42,802
<b>Total Tax Capture Available for Reimbursement of Core Community Activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40</b>	<b>\$ 43,531</b>	<b>\$ 87,458</b>	<b>\$ 88,372</b>	<b>\$ 91,300</b>	<b>\$ 92,253</b>	<b>\$ 93,217</b>	<b>\$ 94,190</b>	<b>\$ 95,173</b>	<b>\$ 96,165</b>	<b>\$ 97,168</b>	<b>\$ 98,180</b>	<b>\$ 99,203</b>	<b>\$ 100,236</b>	<b>\$ 101,279</b>	<b>\$ 1,277,764</b>
Accumulated Tax Capture Available for Reimbursement of Core Community Activities	\$ -	\$ -	\$ 40	\$ 43,571	\$ 131,029	\$ 219,402	\$ 310,701	\$ 402,955	\$ 496,172	\$ 590,361	\$ 685,534	\$ 781,699	\$ 878,867	\$ 977,047	\$ 1,076,250	\$ 1,176,485	\$ 1,277,764	

(1) Administrative Fees: Allowable through Public Act 381 -- Ten percent (10%) of the yearly TIF for the length of the reimbursement period. Taken from Local Taxes Only.

(2) Local Site Remediation Revolving Fund: Allowable through Public Act 381 -- 15% capture for the LSRRF.

(3) Taxable Value (TV) is increased 1% per year for inflation.

(4) State Capture does not include Debt

(5) Local Capture cannot include any debt. All millage rates are listed without debt.

Non-DDA Parcel represents approximately 35% of total acreage of the site and 63% of proposed tax increment development

**Tax Capture by Jurisdiction - DDA Parcels**

Deil Partners, L.L.C.

Project Name: Deil Partners, L.L.C. (Zingerman's)

Schedule 2 - Brownfield TIF Capture from DDA Property

Community: Ann Arbor

Eligible Expenses for Reimbursement under Public Act 381	
Contamination/Core Community Related Activities	\$0
Brownfield Program Administrative Fee (1)	\$0
Local Site Remediation Revolving Fund Capture (2)	\$0
Total Eligible Costs for TIF Reimbursement	\$0

	Year 1 (2010)	Year 2 (2011)	Year 3 (2012)	Year 4 (2013)	Year 5 (2014)	Year 6 (2015)	Year 7 (2016)	Year 8 (2017)	Year 9 (2018)	Year 10 (2019)	Year 11 (2020)	Year 12 (2021)	Year 13 (2022)	Year 14 (2023)	Year 15 (2024)	Year 16 (2025)
Existing Taxable Value (TV):	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453	\$594,453
New Taxable Value for Non-Homestead: (3)	\$594,453	\$600,398	\$1,092,652	\$1,589,828	\$1,605,726	\$1,621,784	\$1,638,001	\$1,654,381	\$1,670,925	\$1,687,634	\$1,704,511	\$1,721,556	\$1,738,771	\$1,756,159	\$1,773,721	\$1,791,458
New Taxable Value for Homestead: (3)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Incremental Difference (New Taxable Value - Existing):</b>	\$0	\$5,945	\$498,199	\$995,375	\$1,011,273	\$1,027,331	\$1,043,548	\$1,059,928	\$1,076,472	\$1,093,181	\$1,110,058	\$1,127,103	\$1,144,318	\$1,161,706	\$1,179,268	\$1,197,005

Total Project Capture

Millage Category	Millage Rates (6)
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<b>State Capture (4)</b>																		
State Education Tax (SET)	6.00000	\$ -	\$ 18	\$ 1,495	\$ 2,986	\$ 3,034	\$ 3,082	\$ 3,131	\$ 3,180	\$ 3,229	\$ 3,280	\$ 3,330	\$ 3,381	\$ 3,433	\$ 3,485	\$ 3,538	\$ 7,182	\$ 47,783
School Operating	17.96940	\$ -	\$ 53	\$ 4,476	\$ 8,943	\$ 9,086	\$ 9,230	\$ 9,376	\$ 9,523	\$ 9,672	\$ 9,822	\$ 9,974	\$ 10,127	\$ 10,281	\$ 10,438	\$ 10,595	\$ 21,509	\$ 143,106
<b>STATE TOTAL</b>	<b>23.96940</b>	<b>\$ -</b>	<b>\$ 71</b>	<b>\$ 5,971</b>	<b>\$ 11,929</b>	<b>\$ 12,120</b>	<b>\$ 12,312</b>	<b>\$ 12,507</b>	<b>\$ 12,703</b>	<b>\$ 12,901</b>	<b>\$ 13,101</b>	<b>\$ 13,304</b>	<b>\$ 13,508</b>	<b>\$ 13,714</b>	<b>\$ 13,923</b>	<b>\$ 14,133</b>	<b>\$ 28,691</b>	<b>\$ 190,889</b>
State - Accumulated Capture		\$ -	\$ 71	\$ 6,042	\$ 17,971	\$ 30,091	\$ 42,403	\$ 54,910	\$ 67,613	\$ 80,514	\$ 93,616	\$ 106,919	\$ 120,427	\$ 134,142	\$ 148,064	\$ 162,197	\$ 190,889	

<b>Local Capture (5)</b>																		
Intermediate School District (ISD)	3.97450	\$ -	\$ 12	\$ 990	\$ 1,978	\$ 2,010	\$ 2,042	\$ 2,074	\$ 2,106	\$ 2,139	\$ 2,172	\$ 2,206	\$ 2,240	\$ 2,274	\$ 2,309	\$ 2,343	\$ 4,757	\$ 31,652
Community College	3.68560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Operating	5.74180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CVT	0.98610	\$ -	\$ 6	\$ 491	\$ 982	\$ 997	\$ 1,013	\$ 1,029	\$ 1,046	\$ 1,062	\$ 1,078	\$ 1,095	\$ 1,111	\$ 1,128	\$ 1,146	\$ 1,163	\$ -	\$ 13,346
Library	1.55000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City Operating	6.16820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Enhancement	10.14820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>LOCAL - TOTAL CAPTURE</b>	<b>32.2544</b>	<b>\$ -</b>	<b>\$ 18</b>	<b>\$ 1,481</b>	<b>\$ 2,960</b>	<b>\$ 3,007</b>	<b>\$ 3,055</b>	<b>\$ 3,103</b>	<b>\$ 3,152</b>	<b>\$ 3,201</b>	<b>\$ 3,250</b>	<b>\$ 3,301</b>	<b>\$ 3,351</b>	<b>\$ 3,402</b>	<b>\$ 3,454</b>	<b>\$ 3,506</b>	<b>\$ 4,757</b>	<b>\$ 44,998</b>
Local - Accumulated Capture		\$ -	\$ 18	\$ 1,499	\$ 4,459	\$ 7,465	\$ 10,520	\$ 13,623	\$ 16,774	\$ 19,975	\$ 23,226	\$ 26,526	\$ 29,877	\$ 33,280	\$ 36,734	\$ 40,240	\$ 44,998	

<b>TOTAL TAX CAPTURE (school and local)</b>	<b>56.22380</b>	<b>\$ -</b>	<b>\$ 89</b>	<b>\$ 7,452</b>	<b>\$ 14,889</b>	<b>\$ 15,127</b>	<b>\$ 15,367</b>	<b>\$ 15,609</b>	<b>\$ 15,854</b>	<b>\$ 16,102</b>	<b>\$ 16,352</b>	<b>\$ 16,604</b>	<b>\$ 16,859</b>	<b>\$ 17,117</b>	<b>\$ 17,377</b>	<b>\$ 17,640</b>	<b>\$ 33,449</b>	<b>\$ 235,887</b>
Accumulated Tax Capture		\$ -	\$ 89	\$ 7,541	\$ 22,430	\$ 37,557	\$ 52,923	\$ 68,533	\$ 84,387	\$ 100,489	\$ 116,841	\$ 133,445	\$ 150,305	\$ 167,421	\$ 184,798	\$ 202,438	\$ 235,887	
WCBRA Administrative Fees (10% of Eligible Costs)		\$ -	\$ 4	\$ 373	\$ 744	\$ 756	\$ 768	\$ 780	\$ 793	\$ 805	\$ 818	\$ 830	\$ 843	\$ 856	\$ 869	\$ 882	\$ 1,672	\$ 11,794
<b>Total Tax Capture Available for Reimbursement of Core Community Activities</b>	<b>\$ -</b>	<b>\$ 84</b>	<b>\$ 7,079</b>	<b>\$ 14,144</b>	<b>\$ 14,370</b>	<b>\$ 14,599</b>	<b>\$ 14,829</b>	<b>\$ 15,062</b>	<b>\$ 15,297</b>	<b>\$ 15,534</b>	<b>\$ 15,774</b>	<b>\$ 16,016</b>	<b>\$ 16,261</b>	<b>\$ 16,508</b>	<b>\$ 16,758</b>	<b>\$ 31,777</b>	<b>\$ 224,092</b>	
Accumulated Tax Capture Available for Reimbursement of Core Community Activities		\$ -	\$ 84	\$ 7,164	\$ 21,308	\$ 35,679	\$ 50,277	\$ 65,106	\$ 80,168	\$ 95,465	\$ 110,999	\$ 126,773	\$ 142,789	\$ 159,050	\$ 175,558	\$ 192,316	\$ 224,092	

**(1) Administrative Fees:**

Allowable through Public Act 381 -- Ten percent (10%) of the yearly TIF for the length of the reimbursement period. Taken from Local Taxes Only.

**(2) Local Site Remediation Revolving Fund:**

Allowable through Public Act 381 -- 15% capture for the LSRRF.

(3) Taxable Value (TV) is increased 1% per year for inflation.

(4) State Capture does not include debt.

(5) Local Capture cannot include any debt. All millage rates are listed without debt.

(6) Full rates are listed, but only 50% of the three millages (State Education Tax, School Operating, and ISD) is captured by the Brownfield Redevelopment Authority.

The DDA captures 100% of local millage except ISD and CVT. The Smart Zone captures 50% of State Education, School Operating and ISD.

DDA Parcel represents approximately 65% of total acreage of site but only 37% of projected taxable improvements



Deli Partners, L.L.C..  
TIF Reimbursement Schedule

Year	Local Increment Captured <sup>(1)</sup>	School Increment Captured	Annual Tax Increment Captured	Cumulative Tax Increment Captured	Amount Due Developer (2)	Interest at 5%	Payments to Developer From Local Tax Capture	Payments to Developer from School Tax Capture	Balance Due Developer			
2010	\$ -	\$ -	\$0	\$0	\$0		\$0	\$0	\$0			
2011	\$ -	\$ -	\$0	\$0	\$400,000	\$20,000	\$ -	\$ -	\$420,000			
2012	\$ 29	\$ 89	\$118	\$118	\$837,265	\$41,863	\$ 29	\$ 89	\$879,010			
2013	\$ 22,441	\$ 25,506	\$47,947	\$48,065	\$879,010	\$43,951	\$ 22,441	\$ 25,506	\$875,014			
2014	\$ 45,078	\$ 51,177	\$96,255	\$144,320	\$875,014	\$43,751	\$ 45,078	\$ 51,177	\$822,510			
2015	\$ 45,557	\$ 51,778	\$97,335	\$241,655	\$822,510	\$41,125	\$ 45,557	\$ 51,778	\$766,300			
2016	\$ 46,042	\$ 52,385	\$98,426	\$340,081	\$766,300	\$38,315	\$ 46,042	\$ 52,385	\$706,188			
2017	\$ 46,531	\$ 52,998	\$99,529	\$439,610	\$706,188	\$35,309	\$ 46,531	\$ 52,998	\$641,969			
2018	\$ 47,025	\$ 53,617	\$100,642	\$540,252	\$641,969	\$32,098	\$ 47,025	\$ 53,617	\$573,426			
2019	\$ 47,524	\$ 54,242	\$101,766	\$642,018	\$573,426	\$28,671	\$ 47,524	\$ 54,242	\$500,331			
2020	\$ 48,028	\$ 54,874	\$102,901	\$744,919	\$500,331	\$25,017	\$ 48,028	\$ 54,874	\$422,447			
2021	\$ 48,537	\$ 55,512	\$104,048	\$848,968	\$422,447	\$21,122	\$ 48,537	\$ 55,512	\$339,521			
2022	\$ 49,051	\$ 56,156	\$105,207	\$954,174	\$339,521	\$16,976	\$ 49,051	\$ 56,156	\$251,290			
2023	\$ 49,570	\$ 56,807	\$106,377	\$1,060,551	\$251,290	\$12,564	\$ 49,570	\$ 56,807	\$157,478			
2024	\$ 55,442	\$ 3,992	\$59,434	\$1,119,984	\$157,478	\$7,874	\$ 55,442	\$ 3,992	\$105,918			
2025	\$ 56,437	\$ -	\$56,437	\$1,176,421	\$105,918	\$5,296	\$ 56,437	\$ -	\$54,777			
2026	\$ 57,515	\$ -	\$57,515	\$1,233,936	\$54,777	\$2,739	\$ 57,515	\$ -	\$0			
						<b>\$416,672</b>	<b>\$664,805</b>	<b>\$569,131</b>	<b>\$1,233,937</b>	<b>Total Reimbursed</b>		
							<b>54%</b>	<b>46%</b>	<b>Percentage of Total Capture</b>			
<sup>(1)</sup> Reduced by 10% of total capture for administrative fees and 5% for local site remediation revolving fund capture annually.												
<sup>(2)</sup> Assumes \$400,000 of eligible activities incurred in 2011 with the balance of \$417,265 incurred in 2012.												

**Tax Capture by Jurisdiction**

Deli Partners, L.L.C. - TIF Capture Summary

Project Name: Deli Partners, L.L.C.

Community: Ann Arbor

Eligible Expenses for Reimbursement under Public Act 381	
MEGA - Core Community Related Activities	\$817,265
MDEQ - Contamination Activities	\$0
<b>Total Eligible Activities (Principal)</b>	<b>\$817,265</b>
Brownfield Program Administrative Fee (1)	\$71,884
Local Site Remediation Revolving Fund Capture (2)	\$122,590
<b>Total Eligible Principal Costs for TIF Reimbursement</b>	<b>\$1,011,738</b>

Millage Category	Millage Rates	Total Project Capture
<b>State Capture (4)</b>		
State Education Tax (SET)	6.00000	\$ 142,464
School Operating	17.96940	\$ 426,666
<b>STATE TOTAL</b>	<b>23.9694</b>	<b>\$ 569,131</b>
State - Accumulated Capture		

<b>Local Capture (5)</b>		
Intermediate School District (ISD)	3.97450	\$ 137,428
Community College	3.68560	\$ 93,543
County Operating	5.67680	\$ 145,732
CVT	0.98610	\$ 38,374
Library	1.92140	\$ 39,340
City Operating	6.16820	\$ 156,554
Local Enhancement	10.14820	\$ 257,569
<b>LOCAL - TOTAL CAPTURE</b>	<b>32.5608</b>	<b>\$ 868,541</b>
Local - Accumulated Capture		

<b>TOTAL TAX CAPTURE (school and local)</b>	<b>56.53020</b>	<b>\$ 1,437,671</b>
Accumulated Tax Capture		
WCBRA Administrative Fees (10% of Eligible Costs)*		\$ 71,884
Local Site Remediation Revolving Fund Capture*		\$ 122,590
<b>Total Tax Capture Available for Reimbursement of Non-Environmental Core Community Activities</b>		<b>\$ 1,243,198</b>

<b>MEGA Eligible Activities</b>		<b>\$ 1,233,936</b>
<b>Total Capture Available for Reimbursement</b>		<b>\$ 1,233,936</b>

## **DELI PARTNERS LLC – ZINGERMAN’S DELICATESSEN PROJECT SUMMARY**

<b>Project Name:</b>	Deli Partners, LLC – Zingerman’s Delicatessen Redevelopment Project
<b>Project Location:</b>	418 (Next Door), 420 (Annex) and 422 (Deli) Detroit Street and 322 E. Kingsley Street
<b>Type of Eligible Property:</b>	Functionally Obsolete
<b>Eligible Activities:</b>	Demolition, Lead and Asbestos Abatement, Site Preparation, Infrastructure Improvements, Development and Preparation of Brownfield and Work Plan and MEGA Work Plan Review.
<b>Eligible Costs:</b>	\$817,265
<b>Est. Capital Investment:</b>	\$6.7 Million

### **PROPOSED MOTION:**

The Washtenaw County Brownfield Redevelopment Authority approves the Brownfield Plan for 418 – 422 Detroit Street and 322 E. Kingsley (the Plan) based on the following determinations and findings:

- A. The Plan meets all of the requirements for a Brownfield Plan set forth in Section 13 of the Brownfield Redevelopment Financing Act (The Act);
- B. The proposed method of financing the costs of the eligible activities, as described in the Plan, is feasible;
- C. The costs of the eligible activities proposed in the Plan are reasonable and necessary to carry out the purposes of the Act;
- D. The amount of captured taxable value estimated to result from adoption of the plan is reasonable;
- E. The Plan constitutes a public purpose for the following reasons:
  - a. The property will be redeveloped and consist of the rehabilitation and renovation of the Annex and Deli and the demolition of an otherwise vacant house;
  - b. The project will provide expanded operations to an already-thriving local business;
  - c. The project will provide 65 new full time jobs;
  - d. The addition and atrium will likely qualify for LEED certification upon evaluation of overall project costs to determine feasibility of certification;
  - e. The project is expected to result in \$6.7 million in new investment.





June 10, 2010

Teresa Gillotti  
Planner II/Economic Development  
City of Ypsilanti  
1 S. Huron Street  
Ypsilanti, MI 48197

RE: Great Lakes Restoration Initiative Forestry Grant for Toxic Substances in Brownfield Sites and Restore Urban and Community Forests Grant:  
Requesting Agency: City of Ypsilanti

Dear Ms. Gillotti:

I am writing on behalf of the Washtenaw County Brownfield Redevelopment Authority to pledge support of the City of Ypsilanti's application for a Great Lakes Restoration Initiative Northeastern Areas State and Private Forestry Grant on the Water Street Redevelopment Area.

The Water Street Redevelopment Area is a 38 acre brownfield redevelopment project 20 years in the making. Located adjacent to downtown Ypsilanti, and nestled along half a mile of the Huron River, the redevelopment is currently stalled. The City is diligently working with local partners to not only prepare the site for redevelopment but also to provide for additional remediation and adapt to interim uses that are beneficial to the entire community.

This project would help to complete two objectives: remediate an acre of metals contamination, addressing one of the few remaining hotspots on the site, and establish a five acre tree nursery, providing ongoing nursery stock for parks, trails, street trees and stock for the eventual redevelopment of Water Street.

The Washtenaw County Brownfield Redevelopment Authority has worked closely on this project for nearly a decade, and we support the continued soil remediation as well as an interim use that supports a community need for urban forest restoration within the City. Additionally, as a working partner to the City of Ypsilanti, we will provide in kind staff services to develop educational materials and share the results of the project, including the phytoremediation aspects which will be of great interest to the 23 jurisdictions that our members of the Washtenaw County Brownfield Redevelopment Authority.

We enthusiastically support the City of Ypsilanti's Water Street phytoremediation and nursery project, as well as other remediation and redevelopment efforts in the Water Street Redevelopment Area.

Sincerely,

Jeff Irwin, Chair  
Washtenaw County Brownfield Redevelopment Authority

Cc: File

