

**CITY OF BATTLE CREEK BROWNFIELD REDEVELOPMENT  
AUTHORITY BROWNFIELD PLAN FOR THE  
HERITAGE TOWER BC, LLC REDEVELOPMENT PROJECT**

**September 19, 2018**

**Introduction**

The purpose of this Brownfield Plan (the “Plan”), to be implemented by the Battle Creek Brownfield Redevelopment Authority (the “Authority”), is to satisfy the requirements of Act 381 for including the eligible property in a Brownfield Plan. Heritage Tower BC, LLC (the “Developer”) is proposing to renovate and rehabilitate the existing vacant building located at 25 W. Michigan Avenue (the “Property”) into a 115,000 square foot nineteen (19) story mixed use building in the heart of downtown Battle Creek. The rehabilitation will include approximately 65,000 square feet of residential space comprised of eighty-five (85) residential market-rate apartment units and approximately 32,300 SF of commercial retail and office space located on the first two floors (the “Project”). The Project will include significant demolition and interior renovations to the building including all new flooring, drywall, electrical, plumbing, mechanicals, fixtures, cabinetry, countertops, appliances, and elevators. The total anticipated capital investment in the Project is expected to be approximately \$32.3 million. It is currently anticipated construction of the Project will begin in fall/winter 2018/2019 with construction completion approximately 12-15 months later.

The Authority proposes to implement the Plan to promote economic development and brownfield redevelopment within the City. The Plan allows the Authority to capture tax increment revenues (“TIR”) generated by redevelopment of the Property for reimbursement to the Developer 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 Developer’s redevelopment are necessary to ensure the economic viability of the Project.

**Basis of Eligibility**

The Property is eligible for inclusion in the 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, arsenic, mercury and silver were measured in the soil 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(1)(a))

Developer 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, the 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 Authority, subject to any limitations and conditions described in the Plan, approvals of the Michigan Department of Environmental Quality (“MDEQ”) and Michigan Strategic Fund (“MSF”) for school operating tax capture, and the terms of a Reimbursement Agreement between Developer and the Authority (the “Reimbursement Agreement”). Administrative expenses of the Authority will be reimbursed through capture of incremental local taxes. If available, the Plan will capture all new personal property taxes generated by the Project.

The estimated total cost of eligible Department Specific (Environmental) and non-environmental activities eligible for reimbursement from TIR under this Plan is \$2,441,600. 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	\$15,000
2. Demolition	\$1,250,000
3. Lead and Asbestos Abatement	\$652,000
4. Site Preparation	\$67,000
5. Infrastructure Improvements	\$115,000
<i>Eligible Activity Sub-total</i>	<i>\$2,099,000</i>
6. Contingency 15% (excludes BEA Costs)	<i>\$312,600</i>
7. Brownfield Plan/Work Plan Preparation and Development	\$30,000
TOTAL	\$2,441,600

The Authority’s reimbursement obligations shall be governed by the terms of the 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 1996, as amended (MCL 125.2652). The Reimbursement Agreement and the Plan will dictate the total cost of eligible activities subject to reimbursement. Eligible activities conducted prior to the Plan approval will be reimbursed to the extent allowed by Act 381.

Pursuant to Act 381, the Authority may contribute to its LBRF with tax increment revenues in excess of the amount needed to reimburse Developer for the costs of eligible activities. As part of the Plan, tax increment revenues will be captured and deposited into the Authority's LBRF after reimbursement of Developer's eligible costs.

**2. A brief summary of the eligible activities that are proposed for each eligible property. (MCLA 125.2663(1)(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; and (iii) additional response activities; (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 will include significant internal demolition and limited external demolition of sidewalks and limited site improvements. The significant internal demolition is necessary to prepare the building floor plates for the proposed reuse described above. A portion of the initial demolition was completed on the roof system in order to secure the building from further deterioration and protect it from the elements.
3. Lead and Asbestos Abatement. Due to the age of the Property, prior to demolition, lead and asbestos containing materials have been and will be encountered and properly removed and disposed of prior to redevelopment. The anticipated cost will include a survey, removal and disposal costs. A majority of the materials have been removed but additional abatement will be required.
4. Site Preparation. Site Preparation activities will include temporary site fencing, temporary security, temporary office/facilities, lane/sidewalk closures and temporary lighting.
5. Infrastructure Improvements. Infrastructure improvements will be made in connection with the Project, including utility upgrades to water, sewer, gas and electric, as well as curb/gutter and sidewalk/street repair.
6. Contingency. A 15% contingency is included to cover unexpected cost overruns encountered during redevelopment.

7. Brownfield Plan/Work Plan Preparation and Development. Costs incurred to prepare and develop 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(1)(c))**

Current and estimated future taxable values and available estimated TIR to be captured are presented in Exhibit B. Actual annual TIR will be determined by the actual assessed taxable value of the Property and millages approved by the relevant taxing jurisdictions, respectively.

The Authority will capture all of the available incremental local and school operating tax revenues generated from the Property to reimburse Developer for the costs of eligible activities under the 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 MDEQ or MSF or that are otherwise eligible under Act 381.

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 the Plan are complete or for the maximum duration provided in Act 381 (MCLA 125.2663(5)), whichever is shorter. The Property is located in the Downtown Development Authority tax increment capture district and a pass-through agreement, similar to the previously approved version, is expected to be supported for the Project to utilize all available TIR to be used to support the Project. In addition, the Project has been approved for an Obsolete Property Rehabilitation Act (“OPRA”) and Neighborhood Enterprise Zone (“NEZ”) and the impact on available TIR is reflected in Exhibit B.

**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(1)(d))**

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

**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)&(5)).**

The duration of the Brownfield Plan Amendment for the Project is estimated to be 29 years. It is estimated that redevelopment of the Property will be completed by the end of 2019 and that it will take up to 24 years to recapture the Eligible Activities through tax increment revenues, plus five years of capture for the LBRF, if available. Therefore, the first year of tax increment capture will be 2019 and the Plan Amendment will remain in place until Developer is fully reimbursed, or termination of the Reimbursement Agreement, whichever is sooner, and the Authority has completed capture for the LBRF, subject to the maximum duration provided for in MCL 125.2663(5). The Authority intends to capture funds to fund the LBRF with tax increment revenue capture from the last five years of the Plan.

**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(1)(g))**

Available incremental local and school operating tax revenues generated by the Project will be captured by the Authority until all incurred eligible brownfield redevelopment costs and Authority administrative expenses are reimbursed and the LBRF is funded, to the extent described in the Plan. The TIR available for capture by the Authority will be split between local and state sources, with the estimated splits outlined 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(1)(h))**

- a. See legal description at Exhibit A.
- b. See location and site map at Exhibit C.
- c. Characteristics of Property: The Property was historically used as an office building and was originally constructed in 1930-1931 to house the Old Merchants National Bank and Trust Company. During the Depression, the bank was forced to close its doors and later reopened in 1935 as the Security National Bank. The bank was purchased by Comerica Bank in 1982 who owned the building until 1993 when it was purchased by Dore Industrial Development, who renamed the building the Heritage Tower. The Tower was sold to Random Acquisitions and then later acquired by 25 Michigan Holdings, LLC. Heritage Tower BC, LLC is acquiring the building in preparation for redevelopment. The Property is a historic structure, 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(1)(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(1)(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(1)(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(1)(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. (MCLA 125.2663(1)(m))**

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 Developer's eligible costs.

**14. Other material that the Authority or the City Council considers pertinent. (MCLA 125.2663(1)(n))**

The building is the tallest building in downtown Battle Creek and will serve as an anchor Project and a catalyst for the City once it is redeveloped. The Project will reactivate a vacant and obsolete building with residential apartments and commercial office/retail space that will bring new residents and employees to the City.

17542573

## **Exhibit A**

### **Property Description**

Property Address: 25 W. Michigan Avenue, Battle Creek, Michigan

Tax Parcel No.: 0252-00-059-0

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

**Exhibit B**

**TIF Table**



Tax Increment Revenue Capture Estimates  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

		NEZ Abatement Period										
Estimated Taxable Value (TV) Increase Rate:		OPRA Abatement Period										
Plan Year	1	2	3	4	5	6	7	8	9	10	11	
Calendar Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
Base Taxable Value	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581
Estimated New TV - Commercial/Retail	\$ 231,581	\$ 231,581	\$ 970,536	\$ 977,815	\$ 985,149	\$ 992,537	\$ 999,981	\$ 1,007,481	\$ 1,015,037	\$ 1,022,650	\$ 1,030,320	\$ 1,030,320
Estimated New TV - Residential	\$ -	\$ -	\$ 3,322,220	\$ 3,347,137	\$ 3,372,240	\$ 3,397,532	\$ 3,423,013	\$ 3,448,686	\$ 3,474,551	\$ 3,500,610	\$ 3,526,865	\$ 3,526,865
Incremental Commercial TV (New TV - Base TV)	\$ -	\$ -	\$ 738,955	\$ 746,234	\$ 753,568	\$ 760,956	\$ 768,400	\$ 775,900	\$ 783,456	\$ 791,069	\$ 798,739	\$ 798,739
Incremental Residential TV (New TV - Base TV)	\$ -	\$ -	\$ 3,322,220	\$ 3,347,137	\$ 3,372,240	\$ 3,397,532	\$ 3,423,013	\$ 3,448,686	\$ 3,474,551	\$ 3,500,610	\$ 3,526,865	\$ 3,526,865

School Capture	Millage Rate														
State Education Tax (SET)	6.0000	\$ -	\$ -	\$ 2,217	\$ 2,239	\$ 2,261	\$ 2,283	\$ 2,305	\$ 4,655	\$ 4,701	\$ 4,746	\$ 4,792	\$ 4,792	\$ 4,792	\$ 4,792
School Operating Tax	18.0000	\$ -	\$ -	\$ 6,651	\$ 6,716	\$ 6,782	\$ 6,849	\$ 6,916	\$ 13,966	\$ 14,102	\$ 14,239	\$ 14,377	\$ 14,377	\$ 14,377	\$ 14,377
School Total	24.0000	\$ -	\$ -	\$ 8,867	\$ 8,955	\$ 9,043	\$ 9,131	\$ 9,221	\$ 18,622	\$ 18,803	\$ 18,986	\$ 19,170	\$ 19,170	\$ 19,170	\$ 19,170

Local Capture	Millage Rate														
City Operating	8.8460	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County Operating	5.3779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City St Maint	1.5000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pol/Fire Pension	5.4030	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calhoun ISD	6.2057	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kellogg CC	3.6136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BC School 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	36.0396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Non-Capturable Millages	Millage Rate														
School Debt	4.0000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-Capturable Taxes	4.0000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Tax Increment Revenue (TIR) Available for Capture \$ - \$ - \$ 8,867 \$ 8,955 \$ 9,043 \$ 9,131 \$ 9,221 \$ 18,622 \$ 18,803 \$ 18,986 \$ 19,170

**Footnotes:**  
Assumes millage rate remains the same  
Assumes 15yr NEZ on Residential  
Assumes 12yr OPRA on Commercial  
Assumes 0.75% inflation

Tax Increment Revenue Capture Estimates  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

Estimated Taxable Value (TV) Increase Rate:

Plan Year	12	13	14	15	16	17	18	19	20	21
Calendar Year	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Base Taxable Value	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581
Estimated New TV - Commercial/Retail	\$ 1,038,047	\$ 1,045,833	\$ 1,053,676	\$ 1,061,579	\$ 1,069,541	\$ 1,077,562	\$ 1,085,644	\$ 1,093,786	\$ 1,101,990	\$ 1,110,255
Estimated New TV - Residential	\$ 3,553,316	\$ 3,579,966	\$ 3,606,816	\$ 3,633,867	\$ 3,661,121	\$ 3,688,580	\$ 3,716,244	\$ 3,744,116	\$ 3,772,197	\$ 3,800,488
Incremental Commercial TV (New TV - Base TV)	\$ 806,466	\$ 814,252	\$ 822,095	\$ 829,998	\$ 837,960	\$ 845,981	\$ 854,063	\$ 862,205	\$ 870,409	\$ 878,674
Incremental Residential TV (New TV - Base TV)	\$ 3,553,316	\$ 3,579,966	\$ 3,606,816	\$ 3,633,867	\$ 3,661,121	\$ 3,688,580	\$ 3,716,244	\$ 3,744,116	\$ 3,772,197	\$ 3,800,488

School Capture	Millage Rate												
State Education Tax (SET)	6.0000	\$	4,839	\$ 4,886	\$ 4,933	\$ 26,783	\$ 26,994	\$ 27,207	\$ 27,422	\$ 27,638	\$ 27,856	\$ 28,075	
School Operating Tax	18.0000	\$	14,516	\$ 14,657	\$ 14,798	\$ 80,350	\$ 80,983	\$ 81,622	\$ 82,266	\$ 82,914	\$ 83,567	\$ 84,225	
School Total	24.0000	\$	19,355	\$ 19,542	\$ 19,730	\$ 107,133	\$ 107,978	\$ 108,829	\$ 109,687	\$ 110,552	\$ 111,423	\$ 112,300	

Local Capture	Millage Rate												
City Operating	8.8460	\$	-	\$ -	\$ 7,272	\$ 24,680	\$ 29,849	\$ 35,099	\$ 40,429	\$ 40,748	\$ 41,068	\$ 41,392	
County Operating	5.3779	\$	-	\$ -	\$ 4,421	\$ 15,004	\$ 18,147	\$ 21,338	\$ 24,579	\$ 24,772	\$ 24,967	\$ 25,164	
City St Maint	1.5000	\$	-	\$ -	\$ 1,233	\$ 6,696	\$ 6,749	\$ 6,802	\$ 6,855	\$ 6,909	\$ 6,964	\$ 7,019	
Pol/Fire Pension	5.4030	\$	-	\$ -	\$ 4,442	\$ 24,118	\$ 24,309	\$ 24,500	\$ 24,693	\$ 24,888	\$ 25,084	\$ 25,282	
Calhoun ISD	6.2057	\$	-	\$ -	\$ 5,102	\$ 27,701	\$ 27,920	\$ 28,140	\$ 28,362	\$ 28,585	\$ 28,811	\$ 29,037	
Kellogg CC	3.6136	\$	-	\$ -	\$ 2,971	\$ 16,131	\$ 16,258	\$ 16,386	\$ 16,515	\$ 16,645	\$ 16,777	\$ 16,909	
BC School Bldg Fund	2.0000	\$	-	\$ -	\$ 1,644	\$ 8,928	\$ 8,998	\$ 9,069	\$ 9,141	\$ 9,213	\$ 9,285	\$ 9,358	
Willard Library	2.0000	\$	-	\$ -	\$ 1,644	\$ 8,928	\$ 8,998	\$ 9,069	\$ 9,141	\$ 9,213	\$ 9,285	\$ 9,358	
Cal Co Seniors	0.7452	\$	-	\$ -	\$ 613	\$ 3,326	\$ 3,353	\$ 3,379	\$ 3,406	\$ 3,433	\$ 3,460	\$ 3,487	
Cal Co Med Care	0.2482	\$	-	\$ -	\$ 204	\$ 1,108	\$ 1,117	\$ 1,125	\$ 1,134	\$ 1,143	\$ 1,152	\$ 1,161	
Cal Co Veterans	0.1000	\$	-	\$ -	\$ 82	\$ 446	\$ 450	\$ 453	\$ 457	\$ 461	\$ 464	\$ 468	
Local Total	36.0396	\$	-	\$ -	\$ 29,628	\$ 137,066	\$ 146,146	\$ 155,361	\$ 164,712	\$ 166,010	\$ 167,318	\$ 168,635	

Non-Capturable Millages	Millage Rate												
School Debt	4.0000	\$	-	\$ -	\$ 3,288	\$ 17,855	\$ 17,996	\$ 18,138	\$ 18,281	\$ 18,425	\$ 18,570	\$ 18,717	
Total Non-Capturable Taxes	4.0000	\$	-	\$ -	\$ 3,288	\$ 17,855	\$ 17,996	\$ 18,138	\$ 18,281	\$ 18,425	\$ 18,570	\$ 18,717	

Total Tax Increment Revenue (TIR) Available for Capture \$ 19,355 \$ 19,542 \$ 49,358 \$ 244,199 \$ 254,124 \$ 264,191 \$ 274,399 \$ 276,562 \$ 278,740 \$ 280,935

**Footnotes:**

Assumes millage rate remains the same  
Assumes 15yr NEZ on Residential  
Assumes 12yr OPRA on Commercial  
Assumes 0.75% inflation

Tax Increment Revenue Capture Estimates  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

Estimated Taxable Value (TV) Increase Rate:

Plan Year	22	23	24	25	26	27	28	29	29	30
Calendar Year	2039	2040	2041	2042	2043	2044	2045	2046	2046	2047
Base Taxable Value	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581	\$ 231,581
Estimated New TV - Commercial/Retail	\$ 1,118,582	\$ 1,126,971	\$ 1,135,423	\$ 1,143,939	\$ 1,152,519	\$ 1,161,162	\$ 1,169,871	\$ 1,178,645	\$ 1,187,485	\$ 1,196,391
Estimated New TV - Residential	\$ 3,828,992	\$ 3,857,709	\$ 3,886,642	\$ 3,915,792	\$ 3,945,160	\$ 3,974,749	\$ 4,004,560	\$ 4,034,594	\$ 4,064,853	\$ 4,095,340
Incremental Commercial TV (New TV - Base TV)	\$ 887,001	\$ 895,390	\$ 903,842	\$ 912,358	\$ 920,938	\$ 929,581	\$ 938,290	\$ 947,064	\$ 955,904	\$ 964,810
Incremental Residential TV (New TV - Base TV)	\$ 3,828,992	\$ 3,857,709	\$ 3,886,642	\$ 3,915,792	\$ 3,945,160	\$ 3,974,749	\$ 4,004,560	\$ 4,034,594	\$ 4,064,853	\$ 4,095,340

School Capture	Millage Rate																				
State Education Tax (SET)	6.0000	\$	28,296	\$	28,519	\$	28,743	\$	28,969	\$	29,197	\$	29,426	\$	29,657	\$	29,890	\$	30,125	\$	30,361
School Operating Tax	18.0000	\$	84,888	\$	85,556	\$	86,229	\$	86,907	\$	87,590	\$	88,278	\$	88,971	\$	89,670	\$	90,374	\$	91,083
School Total	24.0000	\$	113,184	\$	114,074	\$	114,972	\$	115,876	\$	116,786	\$	117,704	\$	118,628	\$	119,560	\$	120,498	\$	121,444

Local Capture	Millage Rate																				
City Operating	8.8460	\$	41,718	\$	42,046	\$	42,377	\$	42,710	\$	43,046	\$	43,384	\$	43,724	\$	44,068	\$	44,414	\$	44,762
County Operating	5.3779	\$	25,362	\$	25,562	\$	25,763	\$	25,965	\$	26,169	\$	26,375	\$	26,582	\$	26,791	\$	27,001	\$	27,213
City St Maint	1.5000	\$	7,074	\$	7,130	\$	7,186	\$	7,242	\$	7,299	\$	7,356	\$	7,414	\$	7,472	\$	7,531	\$	7,590
Pol/Fire Pension	5.4030	\$	25,481	\$	25,681	\$	25,883	\$	26,086	\$	26,292	\$	26,498	\$	26,706	\$	26,916	\$	27,127	\$	27,340
Calhoun ISD	6.2057	\$	29,266	\$	29,496	\$	29,728	\$	29,962	\$	30,198	\$	30,435	\$	30,674	\$	30,915	\$	31,157	\$	31,402
Kellogg CC	3.6136	\$	17,042	\$	17,176	\$	17,311	\$	17,447	\$	17,584	\$	17,722	\$	17,861	\$	18,002	\$	18,143	\$	18,285
BC School Bldg Fund	2.0000	\$	9,432	\$	9,506	\$	9,581	\$	9,656	\$	9,732	\$	9,809	\$	9,886	\$	9,963	\$	10,042	\$	10,120
Willard Library	2.0000	\$	9,432	\$	9,506	\$	9,581	\$	9,656	\$	9,732	\$	9,809	\$	9,886	\$	9,963	\$	10,042	\$	10,120
Cal Co Seniors	0.7452	\$	3,514	\$	3,542	\$	3,570	\$	3,598	\$	3,626	\$	3,655	\$	3,683	\$	3,712	\$	3,741	\$	3,771
Cal Co Med Care	0.2482	\$	1,171	\$	1,180	\$	1,189	\$	1,198	\$	1,208	\$	1,217	\$	1,227	\$	1,236	\$	1,246	\$	1,256
Cal Co Veterans	0.1000	\$	472	\$	475	\$	479	\$	483	\$	487	\$	490	\$	494	\$	498	\$	502	\$	506
Local Total	36.0396	\$	169,962	\$	171,300	\$	172,647	\$	174,005	\$	175,372	\$	176,750	\$	178,138	\$	179,537	\$	180,946	\$	182,366

Non-Capturable Millages	Millage Rate																				
School Debt	4.0000	\$	18,864	\$	19,012	\$	19,162	\$	19,313	\$	19,464	\$	19,617	\$	19,771	\$	19,927	\$	20,083	\$	20,241
Total Non-Capturable Taxes	4.0000	\$	18,864	\$	19,012	\$	19,162	\$	19,313	\$	19,464	\$	19,617	\$	19,771	\$	19,927	\$	20,083	\$	20,241

Total Tax Increment Revenue (TIR) Available for Capture \$ 283,146 \$ 285,374 \$ 287,619 \$ 289,880 \$ 292,159 \$ 294,454 \$ 296,767 \$ 299,097 \$ 301,444 \$ 303,809

**Footnotes:**

Assumes millage rate remains the same  
Assumes 15yr NEZ on Residential  
Assumes 12yr OPRA on Commercial  
Assumes 0.75% inflation

Tax Increment Revenue Capture Estimates  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

Estimated Taxable Value (TV) Increase Rate:

Plan Year		30	TOTAL
Calendar Year		2047	
Base Taxable Value	\$	231,581	\$ 231,581
Estimated New TV - Commercial/Retail	\$	1,205,364	\$ 1,205,364
Estimated New TV - Residential	\$	4,126,055	\$ 4,126,055
Incremental Commercial TV (New TV - Base TV)	\$	973,783	\$ 973,783
Incremental Residential TV (New TV - Base TV)	\$	4,126,055	\$ 4,126,055
<b>School Capture</b>			
	Millage Rate		
State Education Tax (SET)	6.0000	\$ 30,599	\$ 560,612
School Operating Tax	18.0000	\$ 91,797	\$ 1,681,836
School Total	24.0000	\$ 122,396	\$ 2,242,448
<b>Local Capture</b>			
	Millage Rate		
City Operating	8.8460	\$ 45,113	\$ 737,897
County Operating	5.3779	\$ 27,426	\$ 448,602
City St Maint	1.5000	\$ 7,650	\$ 130,172
Pol/Fire Pension	5.4030	\$ 27,554	\$ 468,880
Calhoun ISD	6.2057	\$ 31,648	\$ 538,539
Kellogg CC	3.6136	\$ 18,429	\$ 313,593
BC School Bldg Fund	2.0000	\$ 10,200	\$ 173,563
Willard Library	2.0000	\$ 10,200	\$ 173,563
Cal Co Seniors	0.7452	\$ 3,800	\$ 64,670
Cal Co Med Care	0.2482	\$ 1,266	\$ 21,539
Cal Co Veterans	0.1000	\$ 510	\$ 8,678
Local Total	36.0396	\$ 183,796	\$ 3,079,696
<b>Non-Capturable Millages</b>			
	Millage Rate		
School Debt	4.0000	\$ 20,399	\$ 347,126
Total Non-Capturable Taxes	4.0000	\$ 20,399	\$ 347,126
<b>Total Tax Increment Revenue (TIR) Available for Capture</b>			
		\$ 306,192	\$ 5,322,144

**Footnotes:**

Assumes millage rate remains the same  
Assumes 15yr NEZ on Residential  
Assumes 12yr OPRA on Commercial  
Assumes 0.75% inflation

Tax Increment Financing Reimbursement Table  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

Developer Maximum Reimbursement	Proportionality	School & Local Taxes	Local-Only Taxes	Total
State	42.3%	\$ 1,032,437		\$ 1,032,437
Local	57.7%	\$ 1,409,163	\$ -	\$ 1,409,163
<b>TOTAL</b>				<b>\$ 2,441,600</b>
MDEQ	0.6%	\$ 15,000	0	\$ 15,000
MSF	99.4%	\$ 2,426,600	\$ -	\$ 2,426,600

Estimated Total  
Years of Plan: 29

Estimated Capture

Administrative Fees  
State Revolving Fund  
LSRRF

	2018	NEZ Abatement Period OPRA Abatement Period											
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Total State Incremental Revenue	\$ -	\$ -	\$ 8,867	\$ 8,955	\$ 9,043	\$ 9,131	\$ 9,221	\$ 18,622	\$ 18,803	\$ 18,986	\$ 19,170	\$ 19,355	
State Brownfield Revolving Fund (50% of SET)	\$ -	\$ -	\$ (1,108)	\$ (1,119)	\$ (1,130)	\$ (1,141)	\$ (1,153)	\$ (2,328)	\$ (2,350)	\$ (2,373)	\$ (2,396)	\$ (2,419)	
State TIR Available for Reimbursement	\$ -	\$ -	\$ 7,759	\$ 7,835	\$ 7,912	\$ 7,990	\$ 8,068	\$ 16,294	\$ 16,453	\$ 16,612	\$ 16,774	\$ 16,936	
Total Local Incremental Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
BRA Administrative Fee (15k for 5yrs)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Local TIR Available for Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total State &amp; Local TIR Available</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,759</b>	<b>\$ 7,835</b>	<b>\$ 7,912</b>	<b>\$ 7,990</b>	<b>\$ 8,068</b>	<b>\$ 16,294</b>	<b>\$ 16,453</b>	<b>\$ 16,612</b>	<b>\$ 16,774</b>	<b>\$ 16,936</b>	
<b>DEVELOPER</b>	<b>Beginning Balance</b>												
DEVELOPER Reimbursement Balance	\$ 2,441,600	\$ 2,441,600	\$ 2,441,600	\$ 2,433,841	\$ 2,426,006	\$ 2,418,093	\$ 2,410,103	\$ 2,402,035	\$ 2,385,741	\$ 2,369,288	\$ 2,352,676	\$ 2,335,902	\$ 2,318,967
<b>MSF Non-Environmental Costs</b>	<b>\$ 2,426,600</b>	<b>\$ 2,426,600</b>	<b>\$ 2,426,600</b>	<b>\$ 2,426,600</b>	<b>\$ 2,418,889</b>	<b>\$ 2,411,101</b>	<b>\$ 2,403,237</b>	<b>\$ 2,395,297</b>	<b>\$ 2,387,278</b>	<b>\$ 2,371,084</b>	<b>\$ 2,354,733</b>	<b>\$ 2,338,222</b>	<b>\$ 2,321,552</b>
State Tax Reimbursement	\$ -	\$ -	\$ 7,711	\$ 7,787	\$ 7,864	\$ 7,941	\$ 8,019	\$ 16,194	\$ 16,352	\$ 16,510	\$ 16,670	\$ 16,832	
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total MSF Reimbursement Balance</b>	<b>\$ 2,426,600</b>	<b>\$ 2,426,600</b>	<b>\$ 2,418,889</b>	<b>\$ 2,411,101</b>	<b>\$ 2,403,237</b>	<b>\$ 2,395,297</b>	<b>\$ 2,387,278</b>	<b>\$ 2,371,084</b>	<b>\$ 2,354,733</b>	<b>\$ 2,338,222</b>	<b>\$ 2,321,552</b>	<b>\$ 2,304,720</b>	
<b>MDEQ Environmental Costs</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 14,952</b>	<b>\$ 14,904</b>	<b>\$ 14,856</b>	<b>\$ 14,806</b>	<b>\$ 14,757</b>	<b>\$ 14,657</b>	<b>\$ 14,556</b>	<b>\$ 14,454</b>	<b>\$ 14,351</b>
State Tax Reimbursement	\$ -	\$ -	\$ 48	\$ 48	\$ 49	\$ 49	\$ 50	\$ 100	\$ 101	\$ 102	\$ 103	\$ 104	
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total MDEQ Reimbursement Balance</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>	<b>\$ 14,952</b>	<b>\$ 14,904</b>	<b>\$ 14,856</b>	<b>\$ 14,806</b>	<b>\$ 14,757</b>	<b>\$ 14,657</b>	<b>\$ 14,556</b>	<b>\$ 14,454</b>	<b>\$ 14,351</b>	<b>\$ 14,247</b>	
<b>Local Only Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Local Only Reimbursement Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Annual Developer Reimbursement</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,759</b>	<b>\$ 7,835</b>	<b>\$ 7,912</b>	<b>\$ 7,990</b>	<b>\$ 8,068</b>	<b>\$ 16,294</b>	<b>\$ 16,453</b>	<b>\$ 16,612</b>	<b>\$ 16,774</b>	<b>\$ 16,936</b>	

**LOCAL SITE REMEDIATION FUND**

LSRRF Deposits *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total LSRRF Capture</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

\* 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 12yr OPRA Abatement & 15yr  
NEZ Abatement  
(2) Assumes taxable value increases based on  
proposed build out, plus 0.75% annual  
increases for inflation thereafter.  
(3) Assumes Millage Rates remain constant.

Tax Increment Financing Reimbursement Table  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

\$ 3,642,607  
\$ 75,000  
\$ 161,195  
\$ 875,231

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Total State Incremental Revenue	\$ 19,542	\$ 19,730	\$ 107,133	\$ 107,978	\$ 108,829	\$ 109,687	\$ 110,552	\$ 111,423	\$ 112,300	\$ 113,184	\$ 114,074	\$ 114,972	\$ -
State Brownfield Revolving Fund (50% of SET)	\$ (2,443)	\$ (2,466)	\$ (13,392)	\$ (13,497)	\$ (13,604)	\$ (13,711)	\$ (13,819)	\$ (13,928)	\$ (14,037)	\$ (14,148)	\$ (14,259)	\$ (14,371)	\$ -
State TIR Available for Reimbursement	\$ 17,099	\$ 17,264	\$ 93,741	\$ 94,481	\$ 95,226	\$ 95,976	\$ 96,733	\$ 97,495	\$ 98,262	\$ 99,036	\$ 99,815	\$ 100,600	\$ -
Total Local Incremental Revenue	\$ -	\$ 29,628	\$ 137,066	\$ 146,146	\$ 155,361	\$ 164,712	\$ 166,010	\$ 167,318	\$ 168,635	\$ 169,962	\$ 171,300	\$ 172,647	\$ 174,005
BRA Administrative Fee (15k for 5yrs)	\$ -	\$ -	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ (15,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local TIR Available for Reimbursement	\$ -	\$ 29,628	\$ 122,066	\$ 131,146	\$ 140,361	\$ 149,712	\$ 151,010	\$ 167,318	\$ 168,635	\$ 169,962	\$ 171,300	\$ 172,647	\$ 174,005
Total State & Local TIR Available	\$ 17,099	\$ 46,892	\$ 215,807	\$ 225,627	\$ 235,587	\$ 245,688	\$ 247,743	\$ 264,812	\$ 266,898	\$ 268,998	\$ 271,115	\$ 273,247	\$ 174,005
<b>DEVELOPER</b>													
DEVELOPER Reimbursement Balance	\$ 2,301,867	\$ 2,254,975	\$ 2,039,168	\$ 1,813,541	\$ 1,577,954	\$ 1,332,266	\$ 1,084,523	\$ 814,675	\$ 549,417	\$ 282,071	\$ 12,622	\$ -	\$ -
<b>MSF Non-Environmental Costs</b>													
MSF Non-Environmental Costs	\$ 2,304,720	\$ 2,287,726	\$ 2,241,122	\$ 2,026,641	\$ 1,802,400	\$ 1,568,260	\$ 1,324,081	\$ 1,077,860	\$ 814,675	\$ 549,417	\$ 282,071	\$ 12,622	\$ -
State Tax Reimbursement	\$ 16,994	\$ 17,158	\$ 93,165	\$ 93,900	\$ 94,641	\$ 95,387	\$ 96,138	\$ 96,896	\$ 97,659	\$ 98,427	\$ 99,202	\$ 4,647	\$ -
Local Tax Reimbursement	\$ -	\$ 29,446	\$ 121,316	\$ 130,341	\$ 139,499	\$ 148,792	\$ 150,082	\$ 166,290	\$ 167,599	\$ 168,918	\$ 170,247	\$ 7,975	\$ -
Total MSF Reimbursement Balance	\$ 2,287,726	\$ 2,241,122	\$ 2,026,641	\$ 1,802,400	\$ 1,568,260	\$ 1,324,081	\$ 1,077,860	\$ 814,675	\$ 549,417	\$ 282,071	\$ 12,622	\$ -	\$ -
<b>MDEQ Environmental Costs</b>													
MDEQ Environmental Costs	\$ 14,247	\$ 14,142	\$ 13,853	\$ 12,528	\$ 11,142	\$ 9,694	\$ 8,185	\$ 6,663	\$ 5,036	\$ 3,396	\$ 1,744	\$ 78	\$ -
State Tax Reimbursement	\$ 105	\$ 106	\$ 576	\$ 580	\$ 585	\$ 590	\$ 594	\$ 599	\$ 604	\$ 608	\$ 613	\$ 29	\$ -
Local Tax Reimbursement	\$ -	\$ 182	\$ 750	\$ 806	\$ 862	\$ 920	\$ 928	\$ 1,028	\$ 1,036	\$ 1,044	\$ 1,052	\$ 49	\$ -
Total MDEQ Reimbursement Balance	\$ 14,142	\$ 13,853	\$ 12,528	\$ 11,142	\$ 9,694	\$ 8,185	\$ 6,663	\$ 5,036	\$ 3,396	\$ 1,744	\$ 78	\$ -	\$ -
<b>Local Only Costs</b>													
Local Only Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Local Only Reimbursement Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Developer Reimbursement	\$ 17,099	\$ 46,892	\$ 215,807	\$ 225,627	\$ 235,587	\$ 245,688	\$ 247,743	\$ 264,812	\$ 266,898	\$ 268,998	\$ 271,115	\$ 12,700	\$ -

**LOCAL SITE REMEDIATION FUND**

LSRRF Deposits *	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,966	\$ 174,005
State Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,343	\$ -
Local Tax Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,623	\$ 174,005
Total LSRRF Capture	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,309	\$ 174,005

\* 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 12yr OPRA Abatement & 15yr  
NEZ Abatement  
(2) Assumes taxable value increases based on  
proposed build out, plus 0.75% annual  
increases for inflation thereafter.  
(3) Assumes Millage Rates remain constant.

Tax Increment Financing Reimbursement Table  
Heritage Tower  
25 W. Michigan Ave  
Battle Creek, Michigan  
September 19, 2018

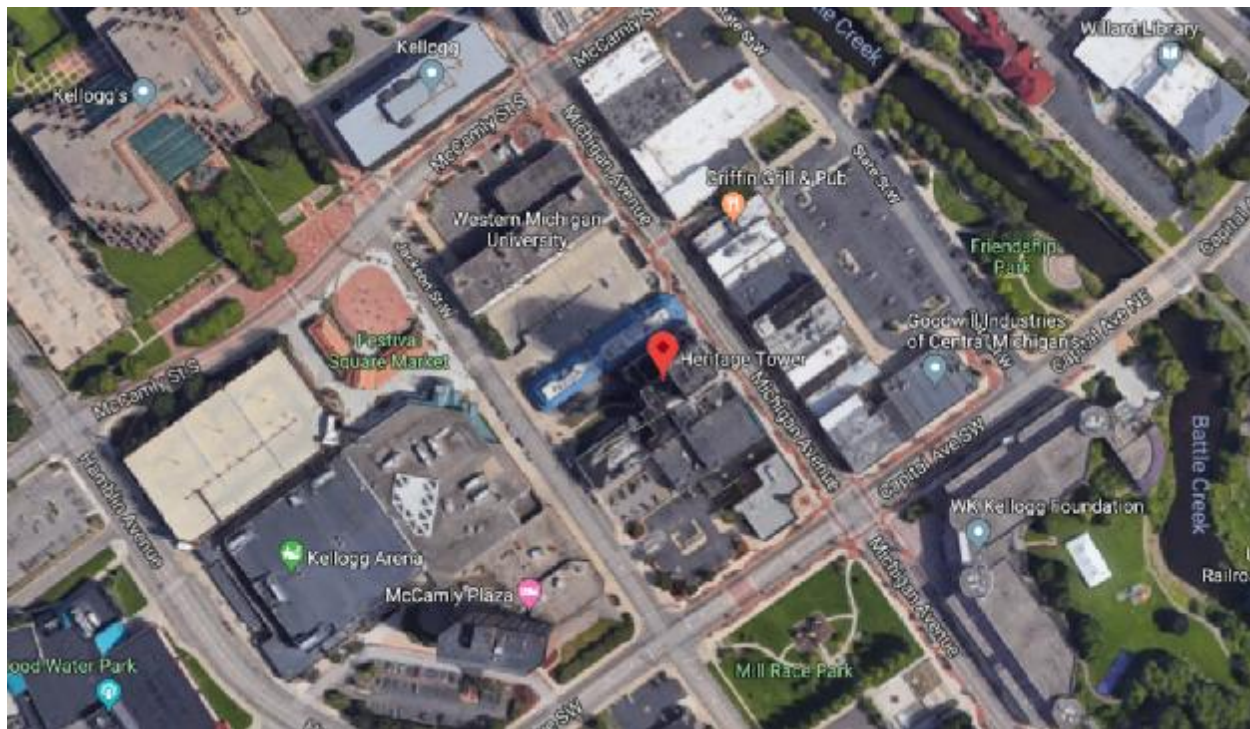
	2043	2044	2045	TOTAL
Total State Incremental Revenue	\$ -			\$ 1,289,556
State Brownfield Revolving Fund (50% of SET)	\$ -	\$ -	\$ -	\$ (161,195)
State TIR Available for Reimbursement	\$ -	\$ -	\$ -	\$ 1,128,362
Total Local Incremental Revenue	\$ 175,372	\$ 176,750	\$ 178,138	\$ 2,353,051
BRA Administrative Fee (15k for 5yrs)	\$ -	\$ -	\$ -	\$ (75,000)
Local TIR Available for Reimbursement	\$ 175,372	\$ 176,750	\$ 178,138	\$ 2,278,051
Total State & Local TIR Available	\$ 175,372	\$ 176,750	\$ 178,138	\$ 3,406,413
<b>DEVELOPER</b>				
DEVELOPER Reimbursement Balance	\$ -	\$ -	\$ -	\$ -
<hr style="border-top: 1px dashed black;"/>				
<b>MSF Non-Environmental Costs</b>				
State Tax Reimbursement	\$ -	\$ -	\$ -	\$ 1,026,094
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ 1,400,506
Total MSF Reimbursement Balance	\$ -	\$ -	\$ -	\$ -
<b>MDEQ Environmental Costs</b>				
State Tax Reimbursement	\$ -	\$ -	\$ -	\$ 6,343
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ 8,657
Total MDEQ Reimbursement Balance	\$ -	\$ -	\$ -	\$ -
<b>Local Only Costs</b>				
Local Tax Reimbursement	\$ -	\$ -	\$ -	\$ -
Total Local Only Reimbursement Balance	\$ -	\$ -	\$ -	\$ -
Total Annual Developer Reimbursement	\$ -	\$ -	\$ -	\$ -
<b>LOCAL SITE REMEDIATION FUND</b>				
LSRRF Deposits *	\$ 175,372	\$ 176,750	\$ 178,138	\$ 875,231
State Tax Capture	\$ -	\$ -	\$ -	\$ 6,343
Local Tax Capture	\$ 175,372	\$ 176,750	\$ 178,138	\$ 868,888
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 12yr OPRA Abatement & 15yr  
NEZ Abatement  
(2) Assumes taxable value increases based on  
proposed build out, plus 0.75% annual  
increases for inflation thereafter.  
(3) Assumes Millage Rates remain constant.

## Exhibit C

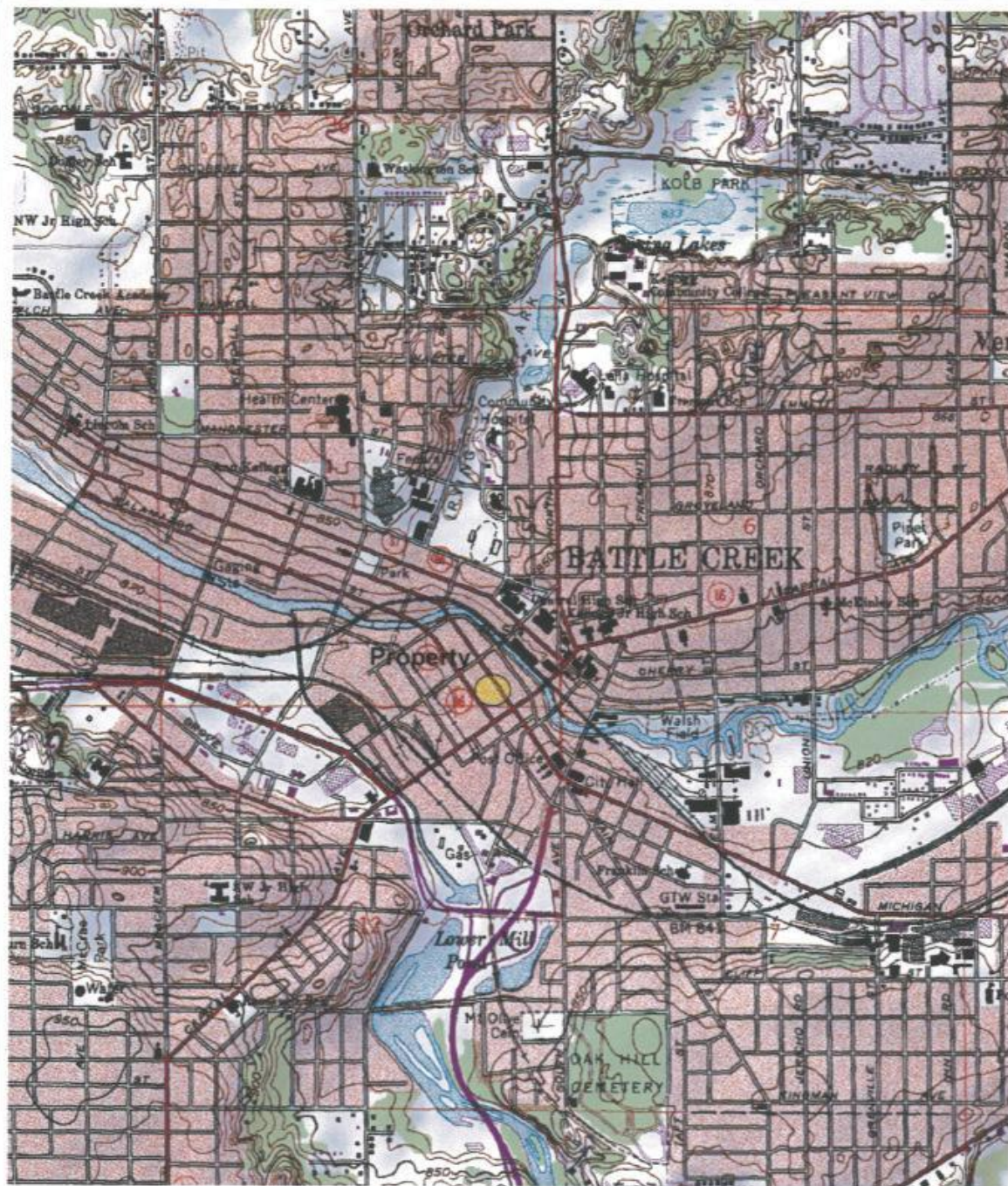
### Site Location and Maps











USGS Topographic Map

Scale: 1:24,000

SES Project: 13-492

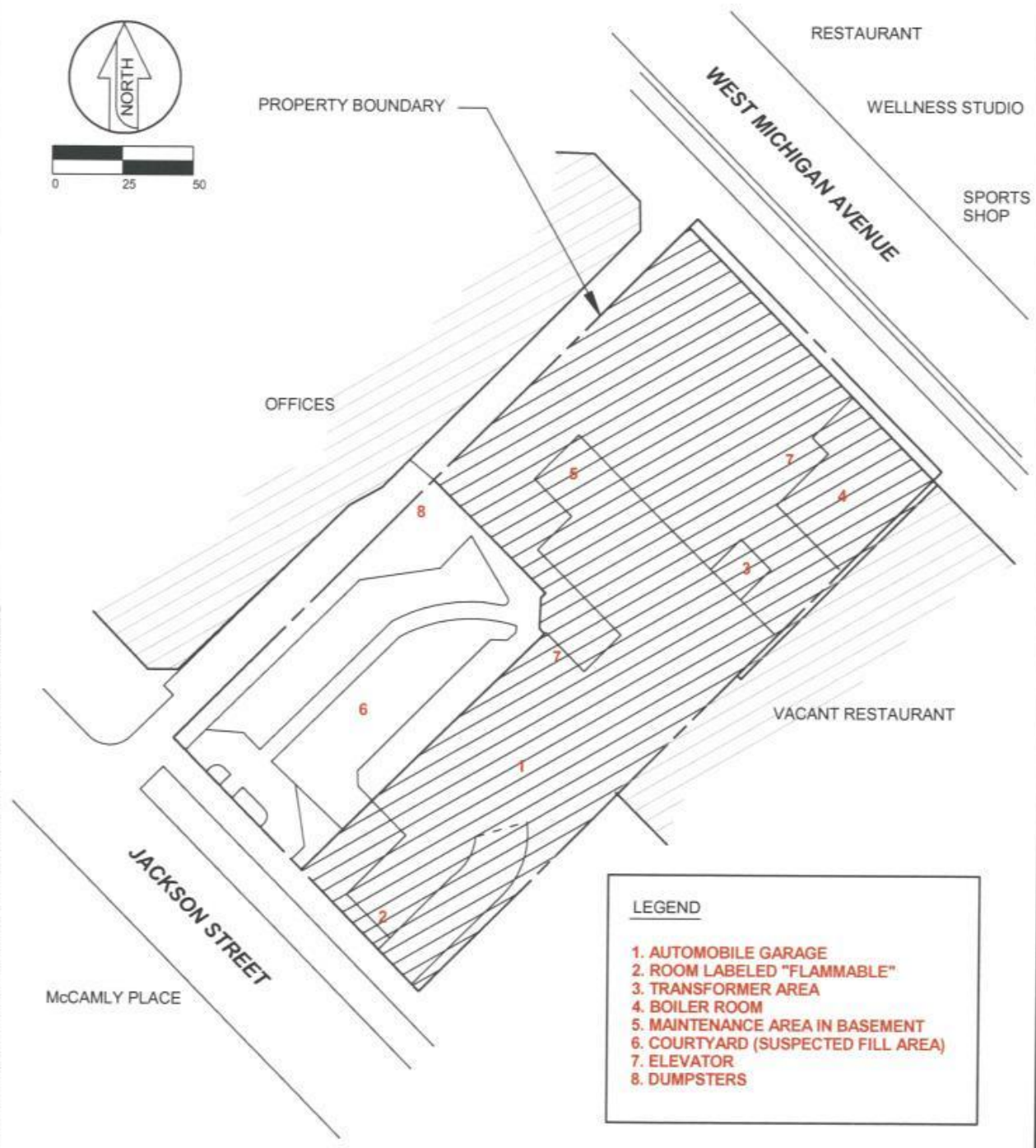
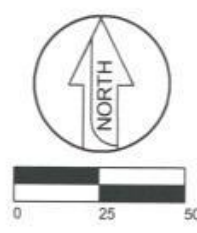
# PROPERTY LOCATION MAP

Heritage Tower  
25 West Michigan Avenue  
Battle Creek, Michigan




Figure 1





- LEGEND**
- 1. AUTOMOBILE GARAGE
  - 2. ROOM LABELED "FLAMMABLE"
  - 3. TRANSFORMER AREA
  - 4. BOILER ROOM
  - 5. MAINTENANCE AREA IN BASEMENT
  - 6. COURTYARD (SUSPECTED FILL AREA)
  - 7. ELEVATOR
  - 8. DUMPSTERS

NOTE: FOR ILLUSTRATIVE PURPOSES ONLY. BASE MAP TAKEN FROM 2011 AERIAL PHOTOGRAPHY. WRIGHTMAN BOUNDARY SURVEY AND GCS FIELD NOTES. FEATURES ARE APPROXIMATE.

PROPERTY LAYOUT DIAGRAM		
	DRAWN	TNS
	DATE	5/15/2013
	SCALE	1"=50' +/-
	PROJECT	13-492
		HERITAGE TOWER 25 WEST MICHIGAN AVENUE BATTLE CREEK, MICHIGAN
		FIGURE 2

## **Exhibit D**

### **Determination of Functional Obsolescence and Facility Status**

## STATEMENT OF OBSOLESCENCE FROM ASSESSOR

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

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

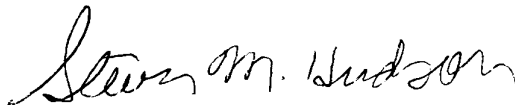
The fire escape is unsafe from roughly the fifth floor and up. New egress is required for the building. The three elevators are original, with two currently in working condition. Replacement parts are difficult to obtain.

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

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

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

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



Steven M. Hudson, MMAO 4 Certificate No. 5563  
July 12, 2013

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

**HERITAGE TOWER  
25 WEST MICHIGAN AVENUE  
BATTLE CREEK, MICHIGAN**

**SES Project Number: 17-767  
November 8, 2017**

Prepared For:

Heritage Tower BC LLC  
c/o Mr. Mark Harmsen  
7066 Weller Avenue Northeast  
Rockford, Michigan 49341

Prepared By:



---

Thomas Stolz, CPG



1591 West Centre Avenue  
Kalamazoo, Michigan 49024

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



MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY – REMEDIATION AND  
REDEVELOPMENT DIVISION, PO BOX 30426, LANSING, MICHIGAN 48909-7926,  
Phone 517-373-9837, Fax 517-373-2637

FOR DEQ USE ONLY  
BEA SUBMITTAL # \_\_\_\_\_

### Baseline Environmental Assessment Submittal Form

This form is for submittal of a Baseline Environmental Assessment (BEA), as defined by Part 201, Environmental Remediation and Part 213, Leaking Underground Storage Tanks, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, for the purpose of establishing an exemption to liability pursuant to Section 20126(1)(c) and Section 21323a(1)(b) for a new owner or operator of property that is a facility as defined by Section 20101(1)(s) or Property as defined by Section 21303(d). The BEA report must be conducted either prior to or within 45 days after becoming the owner or operator, whichever is earliest. This form and the BEA report must be submitted prior to or within 6 months of becoming the owner or operator whichever is earliest. A separate BEA is required for each legal entity that is or will be a new owner or operator of the property. To maintain the exemption to liability, the owner and operator must also disclose the BEA to any subsequent purchaser or transferee before conveying interest in the property pursuant to Section 20126(1)(c) and Section 21323a(1)(b). An owner or operator of a facility or Property also has due care obligations under Section 20107a and Section 21304c with respect to any existing contamination to prevent unacceptable exposure; prevent exacerbation; take reasonable precautions; provide reasonable cooperation, assistance, and access to authorized persons taking response activities at the property; comply with land use restrictions associated with response activities; and not impede the effectiveness of response activities implemented at the property. Documentation of due care evaluations, all conducted response activities, and compliance with 7a or 4c need to be available to the MDEQ, but not submitted, within 8 months of becoming the owner or operator of a facility and/or Property.

#### Section A: Legal Entity Information

Name of legal entity that does or will own or operate the property: <b>Heritage Tower BC LLC</b>	Contact for BEA questions if different from submitter: Name & Title: <b>Thomas N. Stolz, CPG</b>
Address: <b>7066 Weller Avenue Northeast</b>	Company: <b>Stolz Environmental Solutions, LLC</b>
City: <b>Rockford</b> State: <b>MI</b> ZIP: <b>49341</b>	Address: <b>1591 West Centre Ave, Suite 207</b>
Contact Person (Name & Title): <b>Mr. Mark Harmsen</b>	City: <b>Portage</b> State: <b>MI</b> ZIP: <b>49024</b>
Telephone: <b>616-293-9606</b>	Telephone: <b>269-321-5020</b>
Email: <b>mark@heritagetower.org</b>	Email: <b>tom@stolzenvironmental.com</b>

#### Section B: Property Information

Street Address of Property: <b>25 West Michigan Avenue</b> City: <b>Battle Creek</b> State: <b>MI</b> Zip: <b>49017</b>	County: <b>Calhoun</b> City/Village/Township: <b>City of Battle Creek</b>
Property Tax ID (include all applicable IDs): <b>0252-00-059-0</b>	Town: <b>2S</b> Range: <b>8W</b> Section: <b>1</b> Quarter: <b>SE</b> Quarter-Quarter: <b>SE</b>
Address according to tax records, if different than above (include all applicable addresses): City: _____ State: _____ Zip: _____	Decimal Degrees Latitude: <b>N42.31981°</b> Decimal Degrees Longitude: <b>W85.18351°</b>
Status of submitter relative to the property (check all that apply): Former _____ Current _____ Prospective _____ Owner <input type="checkbox"/> Operator <input type="checkbox"/>	Reference point for latitude and longitude: Center of site <input checked="" type="checkbox"/> Main/front door <input type="checkbox"/> Front gate/main entrance <input type="checkbox"/> Other <input type="checkbox"/>
	Collection method: <b>Delorme GIS Software</b> Survey <input type="checkbox"/> GPS <input type="checkbox"/> Interpolation <input type="checkbox"/>

#### Section C: Source of contamination at the property (check all that are known to apply):

Facility regulated pursuant to Part 201, other source, or source unknown	<input checked="" type="checkbox"/>
Part 201 Site ID, if known: _____	
Property - Leaking Underground Storage Tank regulated pursuant to Part 213	<input type="checkbox"/>
Part 211/213 Facility ID, if known: _____	
Oil or gas production and development regulated pursuant to Part 615 or 625	<input type="checkbox"/>
Licensed landfill regulated pursuant to Part 115	<input type="checkbox"/>
Licensed hazardous waste treatment, storage, or disposal facility regulated pursuant to Part 111	<input type="checkbox"/>

#### Section D: Applicable Dates (provide date for all that are relevant):

Date All Appropriate Inquiry (AAI) Report or Phase I Environmental Assessment Report completed: <b>11/8/2017</b>	MM/DD/YYYY
Date Baseline Environmental Assessment Report conducted: <b>11/8/2017</b>	

Date submitter first became the owner:

Date submitter first became the operator:

Date submitter first became the operator (if prior to ownership):

Anticipated date of becoming the owner for prospective owners: 12/31/2017

Anticipated date of becoming the operator for prospective operators:

If former owner or operator of this property, prior dates of being the owner or operator:

**Section E: Check the appropriate response to each of the following questions:**

YES

NO

- |  |                                     |                          |
|--|-------------------------------------|--------------------------|
| 1. Is the property at which the BEA was conducted a "facility" as defined by Section 20101(1)(s) or a Property as defined by Section 21303(d)?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. Was the All Appropriate Inquiry (AAI) completed in accordance with Section 20101(1)(f) and or 21302(1)(b)?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Was the BEA, including the sampling, conducted either prior to or within 45 days of the date of becoming the owner, operator, or of foreclosure, whichever is earliest?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. Is this BEA being submitted to the department within 6 months of the submitter first becoming the owner or operator, or foreclosing?  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. Does the BEA provide sufficient rationale to demonstrate that the data is reliable and relevant to define conditions at the property at the time of purchase, occupancy, or foreclosure, even if the BEA relies on studies of data prepared by others or conducted for other purposes?                          | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. Does this BEA contain the legal description of the property addressed by the BEA?   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. Does this BEA contain the environmental analytical results, a scaled map showing the sample locations, and the basis for the determination that the property is a facility as defined by Section 20101(1)(s) or the basis for the determination that the property is a Property as defined by Section 21303(d)? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

**Section F: Environmental Consultant Signature:**

I certify to the best of my knowledge and belief, that this BEA and all related materials are true, accurate, and complete. I certify that the property is a facility as defined by Section 20101(1)(s) or a Property as defined by Section 21303(d) and have provided the sampling and analyses that support that determination. I certify that any exceptions to, or deletions from, the All Appropriate Inquiry Rule are described in Section 1 of the BEA report.

Signature: 

Date: 11/30/2017

Printed Name: Thomas N. Stolz, CPG

Company: Stolz Environmental Solutions, LLC

Mailing Address: 1591 W Centre Ave, Suite 207 City: Portage State: MI Zip: 49024

Telephone: 269-321-5020 E-Mail: tom@stolzenvironmental.com

**Section G: Legal Entity Signature:**

With my signature below, I certify that to the best of my knowledge and belief, this BEA and all related materials are true, accurate, and complete.

Signature: 

Date: 11/27/17

(Person legally authorized to bind the legal entity)

Printed Name: Mark Harmesen

Title and Relationship of signatory to submitter: Managing Member

Address: 7066 Weller Ave NE City: Rockford State: MI Zip: 49341

Telephone: (616) 293-9806 E-Mail: Mark@heritagetowers.org

Submit the BEA report and this form to the MDEQ District Office for the county in which the property is located. An office map is located at [www.michigan.gov/deqrrd](http://www.michigan.gov/deqrrd).



## CONTENTS OF BEA REPORT

1. Introduction and Discussion:
  - a. Owner/operator information (name, address, etc.).
  - b. Intended use of property (i.e., residential, institutional, industrial, gas station, commercial, etc.).
  - c. Executive summary of All Appropriate Inquiry (AAI) if available or a short summary of the findings and opinions of the AAI and the conditions indicative of releases or threatened releases of hazardous substances; or recognized environmental conditions identified in a Phase I Environmental Assessment.
  - d. Any exceptions to, or deletions from, the All Appropriate Inquiry Rule 40 CFR 312 or ASTM E1527-13.
  - e. Discussion of data gaps identified in the AAI or Phase I and how they affect this BEA.
  - f. Discussion of the sampling completed, including the purpose and methods. If the data was not collected by the submitter or environmental professional, the demonstration that the data is reliable and relevant to define the conditions at the property.
  - g. The general location(s) of the known contamination on the property including the environmental media affected.
  - h. *The basis for the conclusion that the property is a facility (Part 201) and/or a Property (Part 213).*
2. Property Information
  - a. Legal description of property.
  - b. Survey map(s) (not aerial photos) accurately depicting the property boundaries, property tax ID(s), and, if applicable, parcel boundaries. If a legal description simply references a lot or plat, include a copy of the subdivision plat showing this property. A legal boundary survey by a licensed surveyor is required if the property covered by the BEA is greater or less than the legal property description(s). A legal survey is highly recommended when the property description is complex, has recently changed, multiple parcels are included in one BEA, or other situations where the exact property the BEA covers may be an issue when relying on the BEA for liability protection in the future.
  - c. Scaled site map(s) (**not aerial photos or maps**) with site structures, sample locations and depths, and detected contaminant concentrations.
  - d. Scaled area map showing property in relation to surrounding area (such as topographic or aerial maps).
  - e. Property location: Street/City/State/Zip.
  - f. Spatial data required on form: County; City/Village/Township that is the governmental unit with jurisdiction; Town, Range, Section, Quarter and Quarter-Quarter Section; latitude and longitude coordinates including the information on how those were obtained.
3. Facility or Property Status
  - a. Table listing the hazardous substances, CAS Number, concentrations, sample location(s) and depths, and media affected, that are known to exceed residential criteria at the property.
  - b. Laboratory analytical data sheets and chain-of-custody documents.
4. Identification of the author of the BEA
  - a. Name, qualifications as an environmental professional, company, contact information, etc.
5. All Appropriate Inquiry Report or ASTM Phase I Environmental Site Assessment – **DO NOT INCLUDE THE ENVIRONMENTAL DATABASE SEARCH REPORT (The EDR Radius Map Report) or copies of MDEQ files.\***
  - a. The report must consider hazardous substances as defined by Section 20101(1)(y) and/or regulated substances as defined by Section 21303(g).
6. References\* (other than those already included in the AAI or Phase I Environmental Assessment).

**\*Please note that for submittal to the MDEQ:**

  - **Do not submit copies of documents that already exist in the MDEQ district office files. DO provide copies of pertinent information and a reference to the location of the complete information within the MDEQ file. Example: include data tables and maps in the BEA but only reference the supporting analytical reports located in MDEQ files by providing the file name, facility or site number, report name, and report date.**
  - **Remove from the BEA and any attachments any personally identifiable information prior to submittal to MDEQ.**

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

**HERITAGE TOWER  
25 WEST MICHIGAN AVENUE  
BATTLE CREEK, MICHIGAN**

**SES Project Number: 17-767  
November 8, 2017**



1591 West Centre Avenue  
Kalamazoo, Michigan 49024

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

## TABLE OF CONTENTS

<b>1.0</b>	<b>INTRODUCTION AND DISCUSSION .....</b>	<b>1</b>
1.1	Prospective owner and Operator Information and Intended Property Use .....	1
1.2	AAI/ASTM E1527-13 Executive Summary .....	1
1.3	Exceptions, Deletions, or Data Gaps .....	3
1.4	SES's Limited Phase II ESA Sampling .....	3
1.5	Basis for BEA Facility Determination .....	7
<b>2.0</b>	<b>PROPERTY INFORMATION .....</b>	<b>8</b>
<b>3.0</b>	<b>FACILITY STATUS .....</b>	<b>9</b>
3.1	Contaminant Identity .....	9
3.2	Contaminated Media and Location .....	9
3.3	Discarded or Abandoned Containers .....	10
<b>4.0</b>	<b>IDENTIFICATION OF THE AUTHOR OF THE BEA .....</b>	<b>10</b>
<b>5.0</b>	<b>ASTM PHASE I ENVIRONMENTAL SITE ASSESSMENT .....</b>	<b>10</b>
<b>6.0</b>	<b>CONCLUSIONS, FUTURE DIFFERENTIATION, AND/OR ALTERNATIVE APPROACHES .....</b>	<b>10</b>
<b>7.0</b>	<b>REFERENCES .....</b>	<b>12</b>

### 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

---

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 Heritage Tower site located at 25 West Michigan Avenue in Battle Creek, 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 November 8, 2017. A Property Location Diagram is included as Figure 1 in Attachment A of this report.

SES previously completed a BEA for the Property in completed on June 22, 2013, and identified as BEA: 201301886PL.

### 1.1 Prospective owner and Operator Information and Intended Property Use

Heritage Tower BC LLC, the prospective owner of the Property, authorized SES's performance of this BEA. The prospective owner intends to acquire the Property to rehabilitate the current building into residential units. The prospective owner intends to maintain the current building floor slabs, pavements, and vegetative cover that existed on the Property at the time of SES's field work, as described in this report. However, renovation or addition to the building and/or pavements may occur in the future.

A Limited Phase II ESA, dated June 22, 2013, was conducted by SES on the Property. The Limited Phase II ESA included the collection and laboratory analysis of 10 soil samples from 7 soil probes or borings performed in the area of the identified recognized environmental conditions (RECs). Based on the findings of SES's Limited Phase II ESA activities, laboratory analysis of the collected samples indicated arsenic, mercury, and silver were detected in soils on the Property at concentrations in excess of the most stringent MDEQ Part 201 Generic Residential Cleanup Criteria (GRCC). Based on the findings of SES's Limited Phase II ESA, 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.

### 1.2 AAI/ASTM E1527-13 Executive Summary

The historical uses of the Property were evaluated as part of the Phase I Environmental Site Assessment (ESA) conducted by SES, dated November 8, 2017 and included in Attachment B of this report. Recognized environmental conditions (RECs) were identified in connection with the Property. The findings from SES's Phase I ESA are presented below:

1. Historic use sources, including aerial photographs, Sanborn fire insurance maps, tax assessment records, city directories, and interviews, indicated that as early as 1887 the Property was the location of a painting and woodworking shop on the south corner, and a meat market, sausage factory, fire department and grocery store on the remainder of the Property. By 1899, the northwest half of the Property was occupied by the Battle Creek city hall, jail, and fire department. The southeast half of the Property was the location of a store (later converted to a bank) along West Michigan Avenue, and a livery, blacksmith shop, and painting shop on the south corner of the Property. This configuration of the Property was consistent through 1922, when the southeast blacksmith and painting shop became the location of an automobile repair shop (in the area currently occupied by the parking garage).

In 1933, the entire area of the Property was redeveloped with Heritage Tower, then known as Old Merchant's Tower. The 19 story tower was the location of a bank, as well as numerous professional offices, restaurants, banquet halls, and professional associations from 1933 until 2010. A taxi cab company operated from the parking garage at the Property from 1936 until 1960. In approximately 2012, the last of the tenants vacated the building. The building on the Property was vacant from 2012 until the time of SES's walkover. The historic use of the south corner of the building on the Property as a painting shop, blacksmith shop, for auto repair, and as a taxi cab company represented an REC due to the potential for petroleum compounds, metals, and/or solvents to have been released at the Property and to have adversely impacted subsurface soil or groundwater. Additionally, the redevelopment of the Property, particularly in areas unoccupied by the building (the northwest portion of the Property) in 1933 represented an REC due to the potential for historic fill materials to have impacted the subsurface soil with volatile organic compounds (VOCs), polynuclear aromatic hydrocarbons (PNAs), metals, or polychlorinated biphenyls (PCBs).

2. SES performed a Limited Phase II ESA, dated June 22, 2013, on the Property. The Limited Phase II ESA included the collection and laboratory analysis of 10 soil samples from 7 soil probes or borings performed in the area of the identified recognized environmental conditions (RECs). Based on the findings of SES's Limited Phase II ESA activities, laboratory analysis of the collected samples indicated arsenic, mercury, and silver were detected in soils on the Property at concentrations in excess of the most stringent MDEQ Part 201 GRCC. SES performed a BEA for the Property, dated June 22, 2013. Based on the findings of SES's 2013 Limited Phase II ESA, the Property is a "Facility" as defined by Part 201.
3. SES observed two large liquid-filled transformers in the central portion of the basement, south of the boiler room. The transformers were not-labeled, and the PCB content of the transformers is unknown. The transformers were in good condition, with no indication of leakage observed.
4. Elevators were located in the northeast and west portions of the building. The PCB content of the elevator fluid was unknown, as was the condition of the elevator pits. The potential for hydraulic releases from the elevators to have adversely impacted underlying soil and/or groundwater at the Property represented an REC.

5. SES observed the adjoining sites from the Property boundaries and public rights-of-way for evidence of potential RECs. West Michigan Avenue adjoined the Property to the northeast, with offices, restaurants, a sporting good shop, and a wellness studio located northeast of West Michigan Avenue. A vacant restaurant was located southeast of the Property, and an office building occupied by Big Brothers and Sisters, and various community development groups was located northwest of the Property. Jackson Street adjoined the Property to the southwest, with McCamly Place located southwest of the Property. Based on SES's observations at the time of the walkover, the use of the adjoining sites did not represent an REC in connection with the Property.
6. 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 EDR Radius Map Report, 29 sites of known environmental concern were identified within the applicable ASTM-defined radii of the Property, including the Property, listed as a BEA site, and a historic TSCA tracking site for electronics containing PCBs. The number of sites of known adverse environmental impact located in the immediate vicinity of the Property represented an REC, due to the potential for VOC, PNA, metals, and/or PCB impact originating at these sites to have adversely impacted the Property via groundwater migration. However, Part 201 provides an exemption for cleanup liability for contamination which migrates onto a Property from an off-site source.
7. 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.

### **1.3 Exceptions, Deletions, or Data Gaps**

No limitations, exceptions or deletions from SES's Phase I ESA Scope of Work were noted. Data failure prevented SES from determining the date of first developed use. However, the Property was developed for retail uses, as a fire department, a blacksmith shop, and a painting shop as early as 1887. The identified data failure did not represent a limitation to SES's Scope of Services, and did not represent an REC in connection with the Property.

### **1.4 SES's Limited Phase II ESA Sampling**

SES performed a Limited Phase II ESA at the Property in June 2013 to assess the identified RECs. The following Scope of Services was performed by SES to complete the Limited Phase II ESA:

- SES subcontracted Diamond Concrete Sawing of Grand Rapids, Michigan to core four four-inch holes in the concrete slab underlying the parking garage to facilitate the collection of four soil samples from the areas of former painting, blacksmith, auto repair, and taxi cab company operations.
- SES performed three soil probes in the courtyard on the southwest portion of the Property to assess soil and/or groundwater in the areas of likely fill.

- Based on field screening results, 10 soil samples collected from the Property were submitted for laboratory analysis. SES submitted the collected samples for laboratory analysis of VOCs, PNAs, and 10 Michigan list metals. Four samples collected from the Property were analyzed for PCBs.

### **Soil Sampling**

On June 16, 2013, Brye Environmental Soil Testing (BEST) of Okemos, Michigan performed soil probing activities. The Soil Probe Location Diagram, presented as Figure 3 in Appendix A, illustrates the soil probe and soil boring locations. Tom Stolz of SES monitored the probing activities and collected soil and groundwater samples from each probe.

Soil probes were identified as SP-1 through SP-3 and were advanced to depths ranging from 15 feet bg to 17 feet bg. Soil borings, performed with a hand auger, were identified as SB-4 through SB-7. Groundwater was not encountered during probing or boring activities. The following table depicts the probes and borings performed on the Property by SES, the depth of completion, and the rationale for the selection of the probe or boring location:

**TABLE 1**  
**SOIL PROBE AND BORING LOCATIONS**

<b>Boring ID</b>	<b>Groundwater Sampled?</b>	<b>Boring Completion Depth (Feet bg)</b>	<b>Rationale/Source</b>
SP-1	No	17	Assess fill southwest of building
SP-2	No	15	Assess fill southwest of building
SP-3	No	17	Assess fill southwest of building
SB-4	No	3	Assess soil in area of former automobile repair, taxi company, blacksmith shop, and painting shop
SB-5	No	3	Assess soil in area of former automobile repair, taxi company, blacksmith shop, and painting shop
SB-6	No	3	Assess soil in area of former automobile repair, taxi company, blacksmith shop, and painting shop
SB-7	No	3	Assess soil in area of former automobile repair, taxi company, blacksmith shop, and painting shop

Each soil probe was advanced using a hydraulic sampling rig. Soil samples were collected using a 5-foot long stainless steel sampler equipped with an acetate sample collection liner. The sampler was attached to steel probe rods and pushed to the sample depth, then extracted and opened to remove the acetate sample liner. The liner was then cut, and the soil profile was screened and logged in two and a half-foot intervals.

In addition to the soil probes, SES collected samples from SB-4 through SB-7 using a hand auger. Soil samples selected for laboratory analysis were collected directly into a nine-ounce, laboratory-supplied, glass jar and a laboratory supplied pre-tared 40-milliliter glass VOA with a Teflon septum, and field preserved with methanol for VOC analysis.

A portion of each soil sample collected was used for field screening using an HNU Model DL-101 PID. Soil samples collected for field screening were placed in a re-sealable plastic bag, and the tip of the PID was inserted in the bag to measure the headspace of the sample. PID field screening results indicated VOCs were not detected at concentrations in excess of 1 parts per million (ppm), the detection limit of the PID, in any of the soil samples collected from the Property.

Please note, PID readings are dependent upon many factors including temperature and moisture, and are only used as a screening tool. PID readings should not be construed to be reliable analytical results.

#### ***Decontamination Procedures***

SES and BEST followed decontamination procedures during field activities. SES and BEST cleaned soil probe and boring sampling tools, screens, and retractable casings with a laboratory grade Liqui-nox solution wash and double rinsed them with distilled water between samples and prior to performing each probe. BEST used new disposable acetate liners for the collection of each soil sample, and SES used new disposable gloves for the handling and collection of each soil sample.

#### ***Subsurface Conditions***

Soil probes SP-1, SP-2, and SP-3 were completed to depths ranging from 15 feet below grade (bg) to 18 feet bg. Soil borings SB-4 through SB-7 were completed to depths of 3 feet bg. Surface materials, consisting of approximately six inches of topsoil at soil probes SP-1 through SP-3, and eight inches of concrete at SB-4 through SB-7, were encountered at each soil probe or boring location. Surface materials at SP-1 through SP-3 were underlain by a silty sand fill material with traces of brick, which extended to depths ranging from 9 feet bg at SP-1 to 11 feet bg at SP-3. Fill in these probes was underlain by a fine to medium sand and/or a weathered sandstone, which extended to the completion depths of the probes.

At SB-4 through SB-6, the surface materials were underlain by a fine to medium sand with weathered sandstone fragments. At SB-7, the surface material was underlain by a fill consisting of fine to medium sand with trace brick, slag, cinders, and gravel. This fill material extended to the completion depth of the boring at 3 feet bg.



SES observed no visible or olfactory indications of adverse environmental impact in the vadose soils encountered on the Property during sampling activities, with the exception of the black coloring of the fill at SB-7.

### Analytical Testing

Soil samples collected for laboratory analysis were placed into an ice-containing cooler until delivery to Trace Analytical Laboratories, Inc., of Muskegon, Michigan (Trace). Trace performed the following analysis for the selected soil samples: VOCs by Environmental Protection Agency (EPA) Method 8260, PNAs by EPA Method 8270; and the 10 Michigan list metals by various EPA Methods. Soil samples from SP-1, SP-2, and SB-7 were analyzed for PCBs by EPA Method 8082.

Analytical parameters were selected by SES based on the likelihood of impact at each sample location and the potential source area at each location. The following table depicts sample locations and intervals, and the requested analytical parameters for the samples selected by SES for analysis:

**TABLE 2**  
**SAMPLE ANALYTICAL PARAMETERS**

SES Sample ID (Depth in Feet)	Media	Parameters Analyzed
SP-1 (7-8)	Soil	VOCs, PNAs, 10 Michigan List Metals, PCBs
SP-1 (17-18)	Soil	VOCs, PNAs, 10 Michigan List Metals, PCBs
SP-2 (1-2)	Soil	VOCs, PNAs, 10 Michigan List Metals, PCBs
SP-2 (8-9)	Soil	VOCs, PNAs, 10 Michigan List Metals
SP-3 (4-5)	Soil	VOCs, PNAs, 10 Michigan List Metals
SP-3 (9-10)	Soil	VOCs, PNAs, 10 Michigan List Metals
SB-4 (2-3)	Soil	VOCs, PNAs, 10 Michigan List Metals
SB-5 (1-2)	Soil	VOCs, PNAs, 10 Michigan List Metals
SB-6 (1-2)	Soil	VOCs, PNAs, 10 Michigan List Metals
SB-7 (1-2)	Soil	VOCs, PNAs, 10 Michigan List Metals, PCBs

The analytical laboratory method detection levels (MDLs) for the various compounds were reported in general accordance with the Target Detection Limits and Designated Analytical Methods listed in Operational Memorandum #2, Attachment 1, dated October 22, 2004.

***Analytical Test Results***

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

Trace's analytical laboratory report indicated arsenic was detected in the soil sample from SB-7 (1-2) at a concentration of 13,000 micrograms per kilogram (ug/kg). This arsenic concentration was in excess of the MDEQ DWPC of 4,600 ug/kg and the SDBL of 5,800 ug/kg. Additionally, this arsenic concentration was in excess of the DCC of 7,600 ug/kg. No other arsenic concentrations were detected in excess of the MDEQ GRCC.

Mercury was detected in the soil sample from SP-1 (7-8) at a concentration of 250 ug/kg. This mercury concentration was in excess of the MDEQ GSIPC of 50 ug/kg and the SDBL of 130 ug/kg. No other mercury concentrations were detected in excess of the MDEQ GRCC.

Silver was detected in the soil sample from SB-5 (1-2) at a concentration of 4,300 ug/kg. This silver concentration was in excess of the MDEQ GSIPC of 100 ug/kg and the SDBL of 1,000 ug/kg. No other silver concentrations were detected in excess of the MDEQ GRCC.

No other analytes were detected at concentrations in excess of the laboratory MDLs in the soil samples collected and analyzed from the Property.

Trace's analytical report indicated VOCs, PNAs, and PCBs were not detected at concentrations in excess of the laboratory MDLs in any of the soil samples collected from the Property. What appeared to be naturally occurring concentrations (not in excess of SDBLs and/or MDEQ GRCC) of metals, including barium, cadmium, chromium, copper, lead, selenium, and/or zinc, were detected in the soil samples collected from the Property.

***1.5 Basis for BEA Facility Determination***

Based on information obtained during SES's Phase I ESA, areas of the Property most likely to be impacted by the identified RECs were sampled as part of our Limited Phase II ESA. Based on SES's observations during our Limited Phase II ESA field work, as well as Trace's laboratory analysis of the samples collected by SES soil at the Property is impacted with arsenic, mercury, and silver at concentrations in excess of the most stringent MDEQ GRCC. Based on the findings of SES's Limited Phase II ESA, the Property is a "Facility" as defined by Part 201. SES has prepared this BEA based upon the reported arsenic, mercury, and silver soil contamination on the Property.

## 2.0 PROPERTY INFORMATION

---

The Property was comprised of one 150,000 square-foot, 19-story, office and retail building on 0.8 acres of land located at 25 West Michigan Avenue in Battle Creek, Michigan. The Property was located in the southeast 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 0252-00-059-0 at the street address of 25 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 N42.31981 and a Longitude of W85.18351 .

A scaled Property Location Map and Property Layout Diagram are included in Attachment A as Figure 1 and Figure 2, respectively. The Soil Probe Location Diagram, presented in Attachment A as Figure 3, illustrates the soil boring locations. A Property description and a survey map depicting the Property boundaries, are included in Attachment C.

The Property was comprised of one 19-story office and retail building located on 0.8 acres of land in downtown Battle Creek, Michigan. The building, which was constructed between 1931 and 1933, was a concrete and steel-framed structure with a poured concrete basement. The building was vacant at the time of the walkover. The main level of the building was formerly occupied by a bank, offices, a conference and banquet center, and a lobby with escalators that extended to a rotunda which encompassed the majority of floors 1 through 4 of the building. A mechanical penthouse was located on the 4th floor of the building and housed air handling equipment. Floors 5 through 19 were in the main tower structure of the building and were formerly the location of office suites. Many of the floors between 1 and 19 had been partially demolished. SES observed no RECs on floors 1 through 19 at the time of the walkover.

The basement of the building was approximately 10 feet below grade, with the exception of the boiler room in the north corner of the building, which was approximately 18 feet below grade. The floors throughout the basement were poured concrete, as were the walls. The boiler room was equipped with natural-gas fired boilers.

The east and south portions of the basement were the location of a former parking garage. The building occupied the vast majority of the Property. However, one open courtyard area was observed on the southwest portion of the Property. Concrete walks criss-crossed this area, with lawn areas also observed.

### 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 samples collected and analyzed by SES indicated that fill material on the Property was impacted with arsenic at a concentration in excess of the most stringent MDEQ Part 201 GRCC DWPC and DCC. Additionally, fill material on the Property was impacted with mercury and silver at concentrations in excess of the MDEQ GSIPC. SES's Phase I and Limited Phase II ESA activities indicated no other analytes were detected at concentrations in excess of the most stringent MDEQ GRCC in the soil samples collected and analyzed from the Property.

#### 3.2 Contaminated Media and Location

Based on the results of SES's Phase I ESA and our Limited Phase II ESA, metals impact at the Property was associated with fill material extending to maximum depths of 11 feet bg on the southwest portion of the Property, and a depth of at least 3 feet bg underlying the basement of the building.

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:

**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
Arsenic	7440382	13,000 ug/kg	SB-7 (1-2)	Soil
Mercury	varies	250 ug/kg	SP-1 (7-8)	Soil
Silver	7440224	4,300 ug/kg	SB-5 (1-2)	Soil

Data from the previous environmental assessments are provided in SES's Phase I ESA, included in Attachment B.

In 2013, SES selected Limited Phase II ESA sample locations, sample media, and laboratory analytes based on visual observations of the Property, MDEQ Guidance Documents, and RECs identified at the time of the Phase I ESA activities. It is SES's opinion the sampling program 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 assessed. However, based on the nature of contaminant migration, and the inherent budget limitations associated with soil probing 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 SES, or in the form of individual compounds not previously analyzed by SES.

Contaminants identified in the soil on the Property in 2013 included metals, which do not readily degrade in soil. The areas of the identified impact on the southeast portion of the Property are covered by building floor slabs, which prevent precipitation infiltration. Therefore, it is SES's opinion, based on the nature of the impact identified, that the results of our 2013 sampling programs are reflective of current contaminant concentrations.

### **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) and Environmental Professional (EP). The qualifications and contact information for the Environmental Professional are included as Attachment D of this report.

---

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

SES completed a Phase I ESA for the Property in compliance with the ASTM Standard E 1527-13 "Standard Practice for Environmental Assessments: Phase I Environmental Site Assessment Process", dated November 8, 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, arsenic, mercury, and silver were detected in soils on the Property at concentrations in excess of the most stringent MDEQ Part 201 GRCC. No other soil analytes were detected at concentrations in excess of the most

stringent MDEQ GRCC. Based on the findings of SES's Limited Phase II ESA, the Property is a "Facility" as defined by Part 201.

The prospective owner intends to acquire the Property to rehabilitate the current building into residential units. The prospective owner intends to maintain the current building floor slabs, pavements, and vegetative cover that existed on the Property at the time of SES's field work, as described in this report. However, renovation or addition to the building and/or pavements may occur in the future.

SES has performed this BEA based upon observed conditions and information reported in SES's Phase I ESA dated November 8, 2017, and our Limited Phase II ESA, dated June 22, 2013. 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 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, September 28, 2012.
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. Phase I Environmental Site Assessment, Heritage Tower, 25 West Michigan Avenue, Battle Creek, Michigan, prepared by Stolz Environmental Solutions, LLC, May 13, 2013.
5. Limited Phase II Environmental Site Assessment, Heritage Tower, 25 West Michigan Avenue, Battle Creek, Michigan, prepared by Stolz Environmental Solutions, LLC, June 22, 2013.
6. Phase I Environmental Site Assessment, Heritage Tower, 25 West Michigan Avenue, Battle Creek, Michigan, prepared by Stolz Environmental Solutions, LLC, November 8, 2017.

## **ATTACHMENTS**

**Attachment A:** Figures

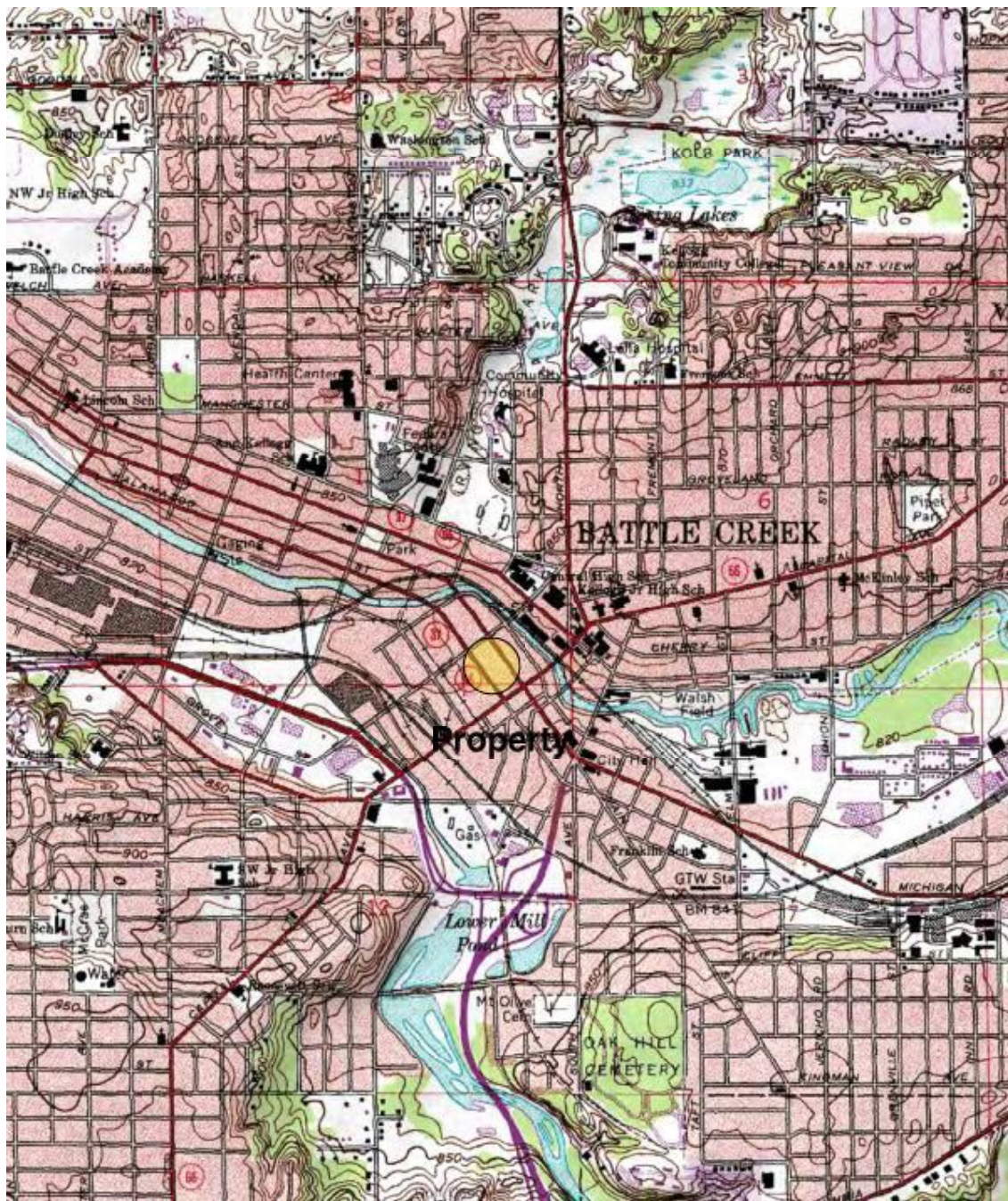
**Attachment B:** SES Phase I ESA

**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

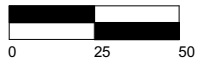
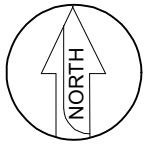
SES Project: 17-767

### PROPERTY LOCATION MAP

Heritage Tower  
25 West Michigan Avenue  
Battle Creek, Michigan



Figure 1



PROPERTY BOUNDARY

RESTAURANT

WELLNESS STUDIO

SPORTS  
SHOP

WEST MICHIGAN AVENUE

OFFICES

VACANT RESTAURANT

JACKSON STREET

McCAMLAY PLACE

#### LEGEND

- 1. AUTOMOBILE GARAGE
- 2. ROOM LABELED "FLAMMABLE"
- 3. TRANSFORMER AREA
- 4. BOILER ROOM
- 5. MAINTENANCE AREA IN BASEMENT
- 6. COURTYARD (SUSPECTED FILL AREA)
- 7. ELEVATOR
- 8. DUMPSTERS

#### PROPERTY LAYOUT DIAGRAM



DRAWN TNS

DATE 10/25/2017

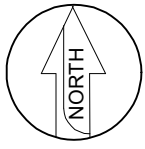
SCALE 1"=50' +/-

PROJECT 17-767

HERITAGE TOWER  
25 WEST MICHIGAN AVENUE  
BATTLE CREEK, MICHIGAN

FIGURE 2

NOTE: FOR ILLUSTRATIVE PURPOSES ONLY. BASE MAP TAKEN FROM 2011 AERIAL PHOTOGRAPH, WIGHTMAN BOUNDARY SURVEY, AND SES FIELD NOTES. FEATURES ARE APPROXIMATE.



LEGEND

SB 4 = SOIL BORING/PROBE SES/1

PROPERTY BOUNDARY

RESTAURANT

WELLNESS STUDIO

SPORTS SHOP

WEST MICHIGAN AVENUE

OFFICES

SP 1

SP 2

SP 3

SB 4

SB 5

SB 6

SB 7

VACANT RESTAURANT

JACKSON STREET

McCAMLY PLACE

SB-7 1-2	SB-5 1-2	SP-1 7-10
ARSENIC 1,000	SILVER 1,000	MERCURY 250

ANALYTES DETECTED IN EXCESS OF MDE GRCC UG/KG

NOTE: FOR ILLUSTRATIVE PURPOSES ONLY. BASE MAP TAKEN FROM 2011 AERIAL PHOTOGRAPH, WIGHTMAN BOUNDARY SURVEY, AND SES FIELD NOTES. FEATURES ARE APPROXIMATE.

SOIL PROBE LOCATION DIAGRAM



DRAWN TNS  
DATE 6/12/2011  
SCALE 1"=50' +/-  
PROJECT 17-767

HERITAGE TOWER  
25 WEST MICHIGAN AVENUE  
BATTLE CREEK, MICHIGAN

FIGURE 1