

# Flint Commerce Center Brownfield Plan





## Table of Contents

- Who is Ashley Capital?
- Project Overview for Brownfield Plan
- RACER Trust and Flint Commerce Center (FCC) Roles
- Conceptual Site Plan
- Regulatory Oversight
- Brownfield Plan Summary
- Success Story working with RACER Trust
- Contact Information



## Who is Ashley Capital?



## opportunity into value

<b>Ownership Structure</b>	Privately held organization focused on long-term ownership
<b>Experience</b>	38 years of development experience
<b>Strong Track Record</b>	22 million square feet in Michigan – 30 million nationally
<b>Nationally Recognized</b>	Consistently ranked as a top 20 commercial development firm
<b>Community Focused</b>	Maintains strong and lasting relationships with communities
<b>Quality Construction</b>	Develops Class A industrial properties using high-quality materials
<b>Employment</b>	Over 100 tenants and approximately 10,000 jobs located in Ashley Capital facilities in Michigan
<b>Experienced</b>	Specializes in the redevelopment of large industrial facilities and new construction on greenfield sites and challenging brownfield sites with wide ranging levels and types of contamination

## Flint Commerce Center (formerly Buick City)



Buick City (1984)



Buick City (Today): GM demolished structures in 2000s and left slabs, foundations, and utilities behind.



## Flint Commerce Center Project Overview for Brownfield Plan

- Former Buick City Site, vacant for more than 20 years
- Owned by the RACER Trust
- On-going environmental assessment and response activities performed by RACER Trust
- ~274 acres under contract with Ashley Capital (due diligence underway)
- Approximately **3.5M SF**, 7 state-of-the-art, light industrial/distribution buildings planned for the site
- New jobs anticipated **2,500 – 4,000** (based on averages in other Ashley Capital facilities)
- Investment estimated at approximately **\$300M**
- **RACER Trust will continue to have responsibility for preexisting environmental contamination on the site after sale and redevelopment.**

## What is the RACER Trust?

- RACER (Revitalizing Auto Communities Environmental Response) Trust is an Environmental Response Trust and has no legal relationship with the current GM, LLC.
  - Old GM doesn't exist, its environmental response liabilities were transferred to the RACER Trust.
  - New GM is a completely different legal entity, and not responsible for property discharged in bankruptcy.
- RACER Trust was established by the U.S. Bankruptcy Court in New York in 2011 and was funded by the federal government with a dual mission of both cleanup and redevelopment.
- RACER Trust works under EGLE and/or USEPA oversight. Buick City was under USEPA oversight until 2020 until it was transferred to EGLE.
- RACER Trust cannot spend money to aid in the redevelopment costs.

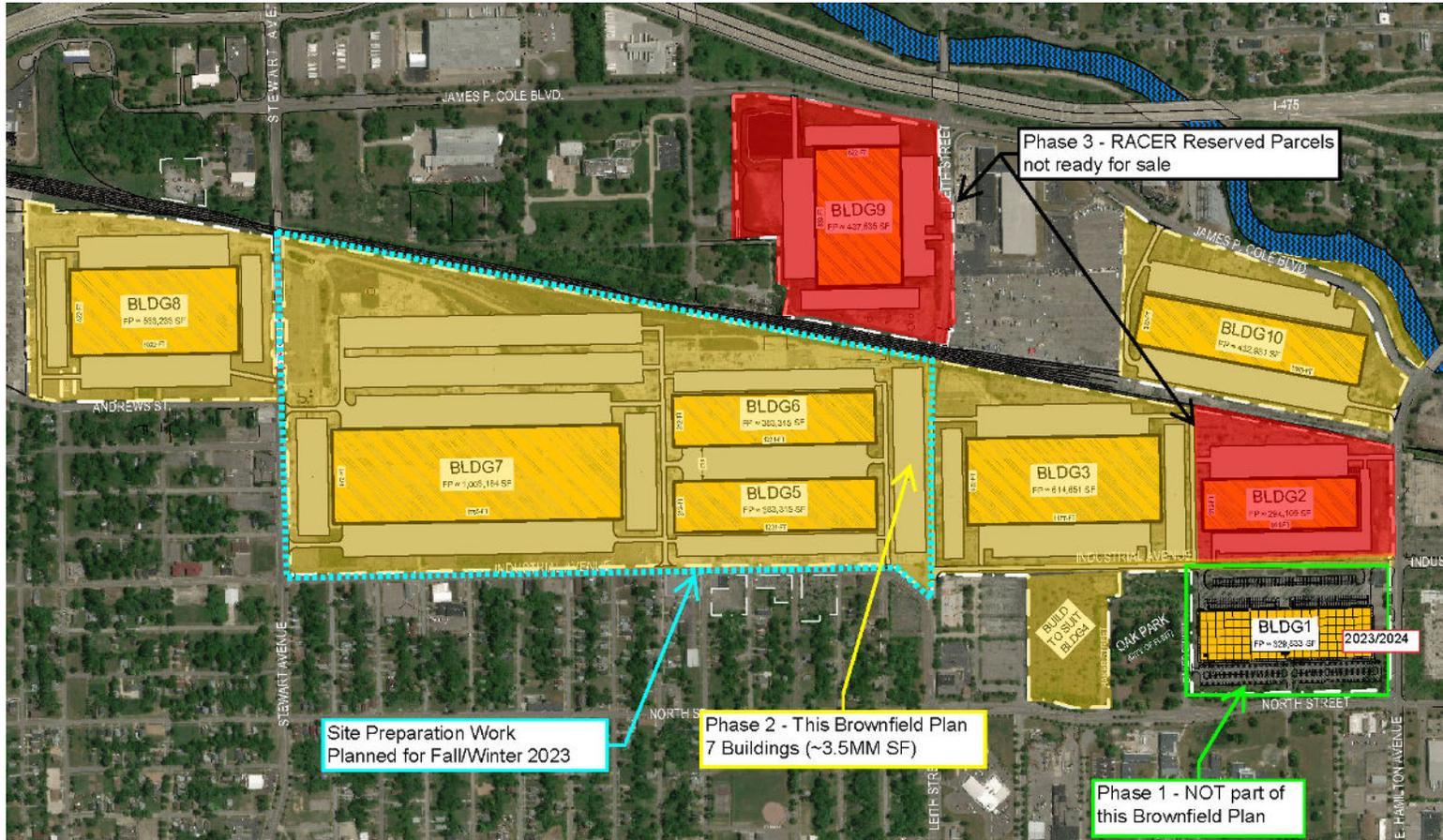
## RACER Trust activities to date

- Spent over \$29M on environmental assessment and environmental response activities.
- Collected and analyzed over 4,600 soil samples and 2,000 groundwater samples.
- Installed over 775 groundwater wells to better understand groundwater conditions.
- Excavated and disposed of 1,000 cubic yards of contaminated soil.
- Treated and capped over 10,000 cubic yards of PFAS contaminated soils.
- Collected and treated over 14,000,000 gallons of contaminated groundwater.
- Installed over 50 bulkhead/plugs in old storm sewers to stop contaminated groundwater from migrating to the Flint River.
- Installed over 3,700 feet of new chemically resistant sealed storm sewer pipe to prevent contaminated groundwater from leaching to the Flint River.
- Placed Deed Restrictions on the site to prohibit certain uses, such as residential, schools, etc.

## Environmental Responsibilities: RACER Trust vs FCC

- RACER Trust is responsible for:
  - Investigating and documenting the existing contamination: what kind, how much, and where?
  - Mitigating risk from the contamination to industrial standards so that the site is safe in its current vacant state (i.e. with slabs in place) and preventing contamination from leaving the site.
  - Marketing the site and selecting a qualified developer with the expertise to redevelop the brownfield site.
  - On-going monitoring and responding, as necessary, to environmental conditions, even after sale.
- RACER Trust is not responsible for (but FCC is):
  - Site work to facilitate new building construction (i.e. slab removal, demolition, new utilities to support the development, vapor barriers in new buildings).
  - Environmental costs resulting from development activities (i.e. disturbing the soils beneath slabs).

## FCC Development Conceptual Site Plan



## Regulatory Oversight

- RACER Trust will continue to be regulated by EGLE and USEPA, even after sale, for its environmental responsibilities.
- FCC will be regulated by all applicable laws and by several agreements with RACER Trust, EGLE, and USEPA:
  - Covenant Not Sue (CNS) with EGLE
  - Materials Management Plan (MMP) with EGLE
  - Prospective Purchase Agreement (PPA) with USEPA
  - Environmental Easement Agreement (EEA) and Remediation and Redevelopment Coordination Plan (RRCP) with RACER Trust
  - Due care under Michigan Law (e.g. use the property safely and don't make contamination worse)
  - Brownfield Work Plan will need to be reviewed and approved by EGLE

## What is a Brownfield Plan?

- Land (including buildings) can be designated a “brownfield” if it is environmentally contaminated, blighted, or functionally obsolete.
- It is more expensive to develop on a brownfield site than on a greenfield site.
- The Brownfield Redevelopment Financing Act 381 of 1996 was designed to encourage and financially support the redevelopment of brownfield sites.
- Tax Increment Financing (“TIF”) is the tool used to “level the playing field” between greenfield sites and brownfield sites by reimbursing the developer with future taxes, that otherwise wouldn’t exist, for extra costs incurred due to the site being a brownfield.

## How TIF Works

- Prior to development, very little property taxes are typically generated from brownfield sites.
- After completion of the redevelopment, the property value increases, and the developer pays the higher taxes.
- The difference between the taxes generated before and after development are eligible for “capture” to be used to reimburse the developer for pre-approved eligible costs.
- Only eligible expenses defined by EGLE (environmental costs) and MEDC/MSF (non-environmental) can be reimbursed.
- Ordinary development costs that would be incurred on a greenfield site are not eligible (e.g. acquisition and vertical construction costs).
- The developer takes the risk to fund the project, including both eligible and not eligible activities, up front.
- After receiving a property tax payments (twice per year), the incremental taxes paid are remitted back to the developer by the City Brownfield Redevelopment Authority.
- City is not at risk financially because developer is only reimbursed from the taxes it pays and only if they incurred the eligible costs.
- Local schools lose no tax dollars; the State reimburses lost revenue from general fund.



## Summary of TIF Request

- Only eligible activities defined by the statute can be approved for reimbursement.
- Phase 1 (330K SF building) is not included in Brownfield Plan. No reimbursement of eligible activities and no taxes captured.
- Phase 2 estimated eligible activities = \$72.5M, including 15% contingency allowed by statute. This does not include the \$17M in city, county, state funding. The total estimated cost of \$89.5M was reduced by this amount.
- Capture of only 80% of incremental taxes (100% allowed by statute).
- 20% remaining of incremental taxes will pass through to normal taxing jurisdictions. This will provide immediate tax benefit to the City from the new development.
- Assumed project buildout period is approximately 16 years with a new building approximately every 2 years. This assumption is subject to market conditions.
- No interest paid on reimbursement.

## Examples of FCC Brownfield Eligible Activities (RACER Trust not responsible)

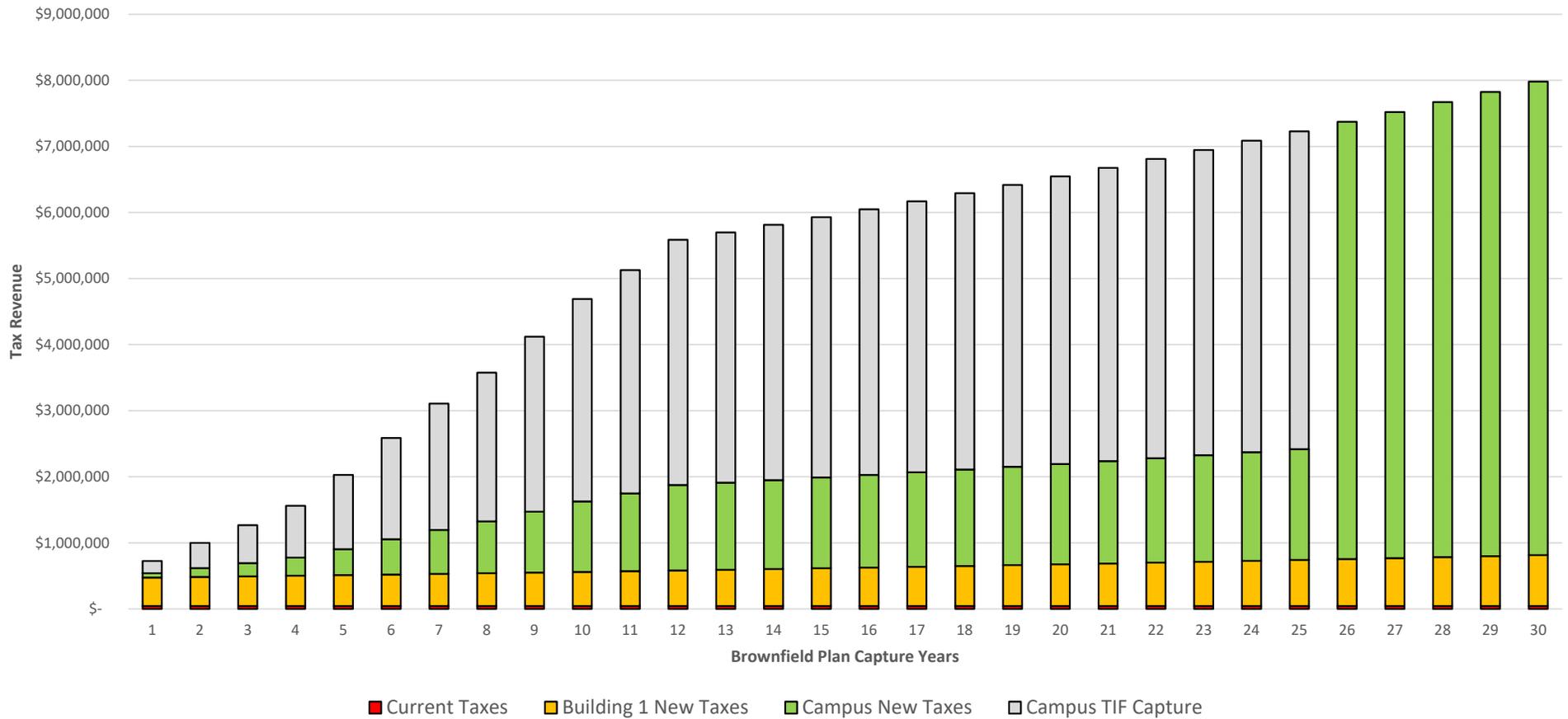
- Removal of existing slabs, foundations, and utilities.
- All new sewers will be constructed of chemically resistant materials and be sealed to prevent infiltration of contaminated groundwater.
- Replacing key RACER Trust groundwater testing wells destroyed during construction.
- Management of contaminated soil and groundwater generated during construction:
  - Testing of disturbed soils and groundwater
  - Disposal or treatment of disturbed soil and groundwater
- Installation vapor barriers in new buildings to prevent vapor intrusion, if necessary.
- Environmental oversight during construction.
- Site preparation activities such as mass grading (site is not flat).
- Geopiers to support foundations necessary because of poor soil conditions.
- Importing soil to raise site grades.



## Summary of New Taxes Generated by Development

- Tax projections are based on estimated taxable value of Phase 1 provided by City of Flint Assessor.
- City taxes are estimated at 44% of total tax millages.
- Phase 1 is excluded from Plan/capture. Current taxes are estimated at \$4K/year and new taxes are estimated at \$433K/year (330K SF building).
- Phase 2 current taxes are estimated at \$43K/year and new taxes are estimated at \$5M/year (7 buildings totaling 3.5M SF).
- Projected reimbursement over 25 years with 80% capture. This assumes 2% annual inflation.
- Phase 2 new taxes at full buildout from 20% passthrough are estimated at \$1.3M/year during the reimbursement.
- Phase 2 current taxes estimated over the 25-year reimbursement period are \$1.1M, and the 20% passthrough on new taxes is estimated at \$26.9M, an increase of over 25x.
- Plan reserves the right of Flint BRA to capture 80% of new taxes for 5 years after developer reimbursement for Local Brownfield Revolving Fund (LBRF) estimated at \$21.4M.

## Estimated Taxes Generated by Development





## Success Story working with RACER Trust in Livonia, Michigan Livonia West Commerce Center 2



March 2021

Former GM plating facility in Livonia. GM demolished above grade buildings, but left slabs, foundations, and utilities in place. Ashley Capital worked with RACER Trust and now the site is our ~365K SF Livonia West Commerce Center 2 Building.



August 2022



Thank you for your time

Questions can be emailed to: [flint@ashleycapital.com](mailto:flint@ashleycapital.com)