



DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

**DETROIT METROPOLITAN WAYNE COUNTY AIRPORT
DETROIT, MICHIGAN
NOISE LAND REUSE PLAN**

Submitted: August 8, 2008

**As required by Federal Aviation Administration Program Guidance Letter 08-02
Management of Acquired Noise Land: Inventory, Reuse, Disposal**

Wayne County Airport Authority Noise Land Reuse Plan

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Narrative Summary of the Noise Land Reuse Plan

The Wayne County Airport Authority (the “Authority”) submits this Noise Land Reuse Plan (the “Plan”) to the Federal Aviation Administration (the “FAA”) with respect to all land that was acquired under the Airport’s Noise Compatibility Program. The parcels identified in the Plan were purchased with Airport Improvement Program (AIP) grant funds. The Plan is submitted pursuant to and in accordance with FAA Program Guidance Letter 08-02, “Management of Acquired Noise Land: Inventory, Reuse, Disposal” (the “Noise Land PGL”).

Background and Summary

In April, 2007 the Authority submitted its Noise Land Inventory to the FAA. The following is a narrative explanation of the transactions and activities that have affected the Noise Land Inventory since its submission, as well as potential future activities. Attached with this Plan is the land reuse parcel listing that replaces the original Noise Land Inventory.

The land reuse plan parcel listing reflects changes to the original inventory, including, but not limited to, the removal of parcels not funded by AIP grant funds, the removal of duplicate parcel numbers that were originally allocated to one grant and moved to another, the removal of parcels with expenditures but *were not* acquired, the current status for each parcel, and the appropriate noise land categorical listing as outlined in the Noise Land PGL.

There were 277 parcels acquired with AIP grant funding; 154 parcels to the south of the Airport and 123 parcels to the north of the Airport. The parcels to the north are divided by the two residential subdivisions in which they are located. These are referred to as Northern Subdivision No. 1 and Northern Subdivision No. 2.

The Current Noise Contour DNL level identified in the parcel lists for both north and south of the airport, reflect the results of the updated Noise Contour as established by the 2004 Noise Contour Map. The purchase of these parcels was based on the 1992 Noise Contour Map.

Summary of Changes to Noise Land Inventory

Sale of Property to DTE Energy

In September, 2006 the Authority completed a transaction whereby a portion of parcel 168 (south of the Airport) was sold to DTE Energy (DTE) for construction of a switching station. This switching station was designed to serve the additional electricity needs of the then new McNamara Terminal. The FAA issued a land release for this parcel on March 10, 2006. This release approved the sale of 3.96 acres of parcel 168 (original 7.19 acres), in addition to three (3) easements for Overhead Transmission Lines affecting parcels 251, 252 and 316. The appropriate restriction, in the form of an aviation easement, was received by the Authority from DTE for parcel 168. Funds received from the sale were segregated and deposited in the Authority’s noise fund, to be used for future noise projects.

Land Swap – South of Airport Parcels

In December, 2007 the Authority and the Charter County of Wayne, Michigan (the “County”) entered into a Property Disposition Agreement under which the Authority and the County agreed to “swap” numerous parcels of property that were acquired under the Airport’s noise mitigation program using federal grant funds, in exchange for other parcels of property that the County acquired with its own non-Airport funds for what was, at that time, the proposed Pinnacle Aeropark project.

The purpose of the swap was to provide the Authority with a contiguous block of parcels north of a certain “property disposition line” which can be used for future Airport development in accordance with the Airport’s proposed master plan or disposed of in accordance with the Authority’s federal grant assurances. These documents were presented to the local FAA Detroit Airports District Office prior to the transaction closing.

The Authority proposed to meet its grant assurance obligations by “swapping” surplus noise parcels for parcels that were acquired by the County that now lie, in large part, within the area of the Airport’s proposed master plan for future Airport development south of the Airport. The Authority had a unique opportunity to both fulfill its grant assurance obligations and provide for long term planning and invest in the future land development necessary under the Airport’s master plan.

The land swap with the County allowed the Authority to: (i) consolidate property acquired under the noise mitigation program to be used for Airport development purposes south of the Airport and within the area of the Airport’s proposed master plan; (ii) consolidate property not planned to be used for Airport development purposes in order to improve the Authority’s ability to dispose of this property as required by FAA Grant Assurance 31; and (iii) dispose of property no longer needed for airport noise compatibility purposes so it can be used for future productive economic use, as will be determined by the County.

The Authority and the County jointly obtained appraisals of the parcels of property to be swapped from Andrew B. Chamberlain, ASA, a state certified appraiser number 1201000137. Mr. Chamberlain consulted with the FAA’s Detroit Airports District Office, as well as the FAA’s airports acquisition specialist in Washington D.C., in regard to the format, form and requirements of the appraised values.

Of the original 154 noise parcels acquired (south of the airport), 73 (approximately 303 acres) were conveyed to the County as part of the land swap. The Authority received 22 parcels (approximately 224 acres) from the County in connection with the swap.

The Property Disposition Agreement between the Authority and the County was a for-value exchange of property, which essentially was revenue neutral, because each party received property in exchange for property. Taking into account money advanced by the County to the Airport (prior to the creation of the Authority, when the County still controlled the Airport) in connection with the Airport’s acquisition of parcel 196 (a parcel of non-Noise Land south of the Airport), the Authority received \$1,252 from the County to reconcile the difference in fair market value of the exchanged property. The Authority will repay the FAA \$1,002, which is 80% of the federal share of the net proceeds from the land swap with the County. The balance of the net revenues (\$250) will be used for the development, maintenance and operations of the Airport in conformance with the FAA’s revenue use policy.

Review

The 154 parcels south of the Airport which were acquired with noise funds combined for a total area equal to approximately 554 acres. The Authority conveyed approximately 303 acres **TO** the County, and received approximately 224 acres **FROM** the County as a result of the property swap. In addition to the sale of 3.96 acres of parcel 168, the current total noise land held by the Authority south of the Airport is approximately 471 acres, as of the date of this Plan.

Potential Future Changes to Noise Land Inventory

Land Swap – North of Airport

The Authority and Metro Crossing LLC (“Metro LLC”) have entered into a Property Disposition Agreement under which the Authority and Metro LLC agreed to “swap” numerous parcels of property in Northern Subdivision No. 1.

The purpose of the swap is to provide the Authority with a contiguous block of parcels which can be used for future Airport development in accordance with the Airport’s proposed master plan. The Authority and Metro LLC own or control approximately 480 individual lots in the Ecorse City Community Subdivision (the “Subdivision”) located in the City of Romulus, Michigan.

The Subdivision consists of a 520 lot platted subdivision, which is approximately 62 acres in size. The parties do not each individually own sufficient contiguous lots to practically support any commercial or airport development of the property. The parties have determined that a mutual conveyance of certain lots to create contiguous parcels for development would be in the best interests of all the parties. It is contemplated that such conveyance will create sufficient contiguous lots to support commercial development of the property by Metro LLC, and Airport-related development by the Authority.

In order to determine the fair market value of the lots to be swapped between the parties, the Authority and Metro LLC jointly obtained appraisals of the parcels of property to be swapped from Andrew B. Chamberlain, ASA, a state certified appraiser number 1201000137. Mr. Chamberlain consulted with the FAA’s Detroit Airports District Office, as well as the FAA’s airports acquisition specialist in Washington D.C., in regard to the format, form and requirements of the appraised values.

Mr. Chamberlain has valued the property (approximately 11.32 acres) that the Authority is conveying to Metro LLC at \$493,449, and the property (approximately 9.7 acres) to be received by the Authority from Metro LLC at \$425,232. In order for the Authority to comply with the FAA requirement that the Authority receive fair market value for the lots that are to be swapped with Metro LLC, Metro LLC will be required to balance the value by paying the total difference of \$68,000 to the Authority.

Review

The Authority’s Noise Land north of the Airport in Northern Subdivision #1 totals approximately 13 acres. The Authority has agreed to convey approximately 11.32 acres **TO** Metro LLC Crossing, and intends to receive approximately 9.7 acres **FROM** Metro LLC Crossing.

For purposes of the Plan, we are identifying the parcels that are involved in this swap as such. Any changes will be reflected in an amendment to this Plan.

Wayne County Airport Authority Master Plan Development

The Authority Master Plan identifies the future use of 113 of the current noise parcels both north and south of the Airport. There are 36 noise parcels south of the Airport identified for use in Master Plan projects; 29 that will be disposed of through conversion to AIP-eligible Airport Development Land and 7 that will be converted to a non-AIP-eligible Airport Development use. Wayne Road between Pennsylvania Road and Eureka Road has been utilized as the dividing line between future Master Plan Development and parcels to be disposed. There are 6 parcels (172, 174, 175, 176, 177 and 178) that are located on the east side of Wayne Road and are contiguous to the Airports Operations Area for proposed Master Developments, which the WCAA intends to retain.

There are 77 noise parcels north of the Airport identified for use in Master Plan projects. Of these 77 noise parcels, the Authority intends to dispose of 39 parcels by converting them to what is technically a non-AIP-eligible Airport Development use (i.e., an employee parking lot). However, the Authority asserts that; as a legal matter, this use should be deemed as conversion to AIP-eligible Airport Development Land because the project is a replacement facility necessitated by the planned use of the land on which the current employee parking facility is located, for future AIP-eligible Airport Development, i.e. an extension of Runway 3L/21R. The remaining 38 (of the 77) noise parcels will be converted to a non-AIP-eligible Airport Development use. The proposed projects for each parcel are identified in the land reuse parcel listing.

The Authority intends to appraise the parcels to be converted to land needed for a project that is not AIP-eligible and the FAA share will be reinvested in approved noise compatibility projects such as Ground Run-up Enclosures at both the Airport and Willow Run Airport (YIP) and residential sound abatement at YIP. The Authority will maintain documentation sufficient in order to account for the proceeds and track their subsequent use in new projects.

Disposal of Remaining Noise Parcels

The remaining parcels that are no longer needed for noise compatibility purposes shall be disposed of in accordance with the Noise Land PGL. The Authority plans to dispose of these properties by utilizing any one of the following three methods: Market Sale; Long Term Lease; or Exchange. This determination will be made on parcel by parcel (or assembled parcels) basis.

It must be noted that the current real estate market conditions in the State of Michigan, and more specifically in the Detroit area are such that immediate or near future disposal will be difficult to achieve. Three of the contributing factors are: (1) there are many more sellers than buyers; (2) there is a large amount of available land around the Airport and; (3) the average time for properties on the market is more than 200 days.

The Authority intends to prepare a marketing plan, utilize marketing tools and make every effort to dispose of its unneeded noise land. The Authority proposes to use the proceeds received from the sale of unneeded noise land for future noise program expenditures both at the Airport and YIP. Currently, the Authority is planning for the construction of a Ground Run-up Enclosure (GRE) at the airport according to the recommendations of its updated Part 150 Noise Study. The estimated cost of the GRE is \$6M. In addition, the Authority currently is in the process of preparing a Part 150 Study for YIP. Preliminary data shows that as many as 400 homes may require sound abatement, and the Authority expects a GRE to be recommended by the YIP Part 150 Study as well. The average cost of sound abatement per home is approximately \$20,000.

Disposal Parcels – North of the Airport

In what is referred to as “Northern Subdivision #2” the Authority owns scattered, small residential lots. This makes disposal very difficult, unless other properties are purchased for assemblage. The Authority intends to pursue options for either disposal or assemblage.



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WAYNE COUNTY AIRPORT AUTHORITY

DETROIT METROPOLITAN WAYNE COUNTY AIRPORT DETROIT, MICHIGAN

NOISE LAND REUSE PLAN AMENDMENT

Submitted: August 8, 2008
Resubmitted: January 22, 2009

**As required by Federal Aviation Administration Program Guidance Letter 08-02
Management of Acquired Noise Land: Inventory, Reuse, Disposal**

Amendment to the Noise Land Reuse Plan Narrative Summary

The Wayne County Airport Authority (the “Authority”) submits to the Federal Aviation Administration (the “FAA”) this amendment to the Authority’s Noise Land Reuse Plan to reflect changes to the *North Parcels Reuse* data with respect to what is referred to in the Plan as Northern Subdivision No. 1. This amendment is submitted pursuant to and in accordance with FAA Program Guidance Letter 08-02, “Management of Acquired Noise Land: Inventory, Reuse, Disposal” (the “Noise Land PGL”).

Background and Summary

On January 22, 2009, the Authority submitted to the FAA its Noise Land Reuse Plan (the “Plan”), which the FAA found acceptable as indicated in its March 25, 2009 letter to the Authority (the “Noise Land Reuse Plan Acceptance Letter”). The Plan identified potential future changes to the Authority’s Noise Land Inventory, including but not limited to a contemplated land exchange with respect to certain property north of Detroit Metropolitan Airport (the “Airport”) between the Authority and Metro Crossing, LLC (“Metro LLC”).

On December 18, 2007, the Authority and Metro LLC had entered into the Northern Property 1 Property Swap Agreement (attached) (the “Original Agreement”) for the swap of certain lots described in the Original Agreement, being those lots in the Ecorse City Community Subdivision (“Northern Subdivision No. 1”) in the City of Romulus, State of Michigan and owned or controlled by the Authority and Metro LLC.

The purpose of the intended swap was to provide the Authority with a contiguous block of parcels which can be used for future Airport development in accordance with the Authority’s proposed Master Plan for the Airport. The parties had determined that a mutual conveyance of certain lots to create contiguous parcels for development would be in their best interests. It was contemplated that such conveyance would create sufficient contiguous lots to support commercial development of the property by Metro LLC, and Airport-related development by the Authority. In that regard, after the execution of the Original Agreement, the Authority also completed a new Master Plan for the Airport), which confirmed the importance of the Authority acquiring additional lots within the Northern Subdivision No. 1 to allow the Authority to assemble a contiguous parcel of property to undertake Airport related development, including the Authority’s proposed relocated employee parking lot and future right-of-way for an Airport passenger tram.

Following the execution of the Original Agreement, the Authority and Metro LLC worked together toward the implementation of the Original Agreement. However, in early 2009, Metro LLC notified the Authority that the economic and property development conditions in the State of Michigan had affected the ability of Metro LLC to meet its obligations under the Original Agreement and complete the property swap according to the terms of the Original Agreement. After extensive discussions between the Authority and Metro LLC, instead of consummating the transactions contemplated by the Original Agreement, Metro LLC agreed to sell to the Authority approximately 127,000 square feet of additional lots owned by Metro LLC in the Northern Subdivision No. 1 in order to improve the future configuration of the Airport parcel, and the right-of-way for the future tram connection to the Airport, and to grant a five (5) year option to the Authority to purchase certain additional Metro Crossing LLC lots. In turn, the Authority agreed to grant a five (5) year option to Metro Crossing LLC to purchase the lots that were to be swapped under the Original Agreement to the Developer.

To memorialize these agreements, the Authority and Metro LLC entered into a Northern Property 1 Substitute Property Swap Agreement, dated as of March 24, 2009 (attached) (the “Substitute

Agreement”). At the same time, in order to enable the Authority to grant to Metro LLC the option described above, Wayne County agreed to convey to the Authority all of the noise parcels in the Northern Subdivision No. 1 that, as a legal matter, continued to be titled in Wayne County, and on February 13, 2009, Wayne County executed and delivered to the Authority quitclaim deeds for all of the Wayne County owned lots in the Northern Subdivision No. 1.

On June 24, 2009, the Authority and Metro LLC consummated the transactions contemplated by the Substitute Agreement.

Amended Plan Data

Subject to the terms and conditions set forth in the Substitute Agreement, Metro LLC sold to the Authority 71 parcels consisting of 126 lots, and granted to the Authority a five (5) year option (attached) to acquire 36 other parcels consisting of 45 Metro LLC lots, all of which are identified on the attached Amended North Parcel Reuse List (“List”)

The Authority granted to Metro LLC a five (5) year option (attached) to purchase 44 parcels consisting of 92 lots now owned by the Authority and identified on the attached List.

The purchase price for both the Metro LLC lots and the Authority lots under the Substitute Agreement (including under the above-described options) was the 2009 appraised fair market value of the lots.

The Authority and Metro LLC previously obtained, and equally shared the cost of, an appraisal of the fair market value of the Northern Subdivision No. 1 lots proposed to be swapped between the parties under the Original Agreement. The appraisal, prepared by Andrew B. Chamberlain, indicated that the fair market value of the lots in the Northern Subdivision No. 1 was \$1.00 per square foot.

As required by the Noise Land Reuse Plan Acceptance Letter, in the Substitute Agreement, Metro LLC has agreed that at the time Metro LLC purchases the Authority’s lots pursuant to the five (5) year option, it will execute in recordable form an Avigation Easement and a Restrictive Land Use Covenant that will permanently encumber the Authority’s lots to be conveyed to Metro LLC.

All of the parcels and associated Plan information affected by these transactions are identified on the attached List.

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