



MITC BROWNFIELD PROGRAM POLICIES AND PROCEDURES Revision 1

SECTION 1: INTRODUCTION

Michigan’s Brownfield Redevelopment Financing Act, Michigan Public Act 381 of 1996, MCLA 125.2651 et. seq., as amended (Act 381), enables brownfield redevelopment in the State of Michigan and the establishment of brownfield redevelopment authorities and zones. Act 381 provides brownfield redevelopment authorities with multiple tools to facilitate redevelopment, including tax increment financing to support eligible brownfield expenses incurred through reuse of a contaminated, blighted, historic, and/or functionally obsolete property.

The Michigan International Technology Center Redevelopment Authority (MITC) is a Brownfield Redevelopment Authority (BRA) duly established by interlocal agreement between the Charter Township of Northville BRA and Charter Township of Plymouth BRA, pursuant to the Urban Cooperation Act, Michigan Public Act 7 of 1967, as amended. MITC operates in accordance with Act 381 and is authorized to exercise its powers within the limits of the MITC Redevelopment Area. The MITC brownfield redevelopment program facilitates the redevelopment of brownfield sites classified as “eligible property” in Act 381.

MITC currently manages two Brownfield Plans that cumulatively include all property within the MITC redevelopment Area. The Base Brownfield Plan, as amended, includes MITC Parcels 2-5. The Parcel 13 Brownfield Plan, as amended, includes MITC parcels 6-15. The appropriate Brownfield Plan will be amended to include each new project for brownfield tax increment financing support from MITC is requested.

The MITC brownfield redevelopment program policies and procedures for receiving, reviewing, and approving requests for Act 381 tax increment financing (TIF) support for redevelopment projects in the MITC Redevelopment Area and managing approved brownfield plans are described in the following sections of this document. MITC officers, directors and administrative support personnel are available to assist with implementation of these policies and procedures. Contact information for key MITC personnel is provided in Section 4 below.

SECTION 2: POLICIES

2.1: REVIEW AND DECISION ON ACT 381 BROWNFIELD FINANCING REQUESTS

All property within the MITC Brownfield Redevelopment Area has been included in a Brownfield Plan and is eligible for Act 381 TIF support. MITC will receive and review Act 381 brownfield TIF requests from developers of property within the boundaries of the MITC Redevelopment Area. Additional and clarifying information may be required from the request applicant. MITC, at its sole discretion, may accept, modify, or reject a TIF request. The request applicant will be notified of MITC’s decision within a reasonable period of time and provided an opportunity to discuss the decision.

Qualifying criteria for Act 381 TIF support from MITC include:

- The proposed project site meets the definition of an eligible property in Public Act 381 of 1996, as amended, MCL 125.2652 Definitions. All parcels of land within the MITC Redevelopment Area have been determined to be eligible properties.

- The proposed redevelopment of the eligible property is consistent with the master plans, zoning ordinances, and community/economic development goals of the township in which the proposed project is located.
- The existing character of the eligible property is such that redevelopment activities would be limited or not feasible without brownfield redevelopment assistance provided by PA 381 and/or other brownfield redevelopment programs. In addition, the project developer commits to explore all other available private and public brownfield funding sources. An analysis demonstrates that the required eligible activities can be satisfactorily completed within the available resources under this program, or if not, that supplemental funding sources, such as private equity or financing, tax credits, grants, or loans, will be utilized to complement the financial resources available under PA 381 for proposed projects.
- The developer has provided sufficient evidence of a firm commitment to the project and a demonstration of sufficient experience, financial resources, and development capabilities to successfully implement the proposed redevelopment project.

MITC may consider other factors it deems applicable to the specific project, property, township or request applicant. MITC will consider the amount of other brownfield financing obtained by, or available to, the proposed developer in determining the level of Act 381 TIF support to be authorized.

MITC will prepare a Brownfield Plan or Brownfield Plan Amendment, as appropriate, for approved Act 381 TIF requests. To become effective, each Brownfield Plan or Amendment must be approved by the MITC Board of Directors and the Boards of Trustees of the Charter Township of Plymouth and the Charter Township of Northville.

2.2: ELIGIBLE ACTIVITIES

MITC is authorized to allow the use of tax increment revenues (TIR) to pay for or reimburse public or private costs of eligible activities, as defined in Act 381, on property within the MITC Redevelopment Area. MITC will consider reimbursement for the actual costs of the brownfield redevelopment activities for which a redeveloped parcel is eligible. Requests for Act 381 financing of the costs of proposed eligible activities on a property shall include a detailed description of the proposed eligible activities and costs, justification(s) for the eligibility of those activities and costs, and sufficient cost detail to allow MITC to evaluate the eligibility and reasonableness of the request. A template table for presenting the eligible activities and costs is available from MITC.

MITC is capitalizing approximately \$30 million in public infrastructure improvements to roads and water and sewer systems servicing the MITC Redevelopment Area. The costs for these infrastructure improvements will be reimbursed with TIR generated from redevelopment projects in the MITC Redevelopment Area. Proposed requests for reimbursement of eligible activities from TIR captured solely from the eligible property shall not include public infrastructure improvements that are duplicative of MITC's infrastructure improvements. The only infrastructure improvements that may be approved for specific redevelopment projects will be those directly associated with the subject property, such as curbs, gutters, streetscapes, etc.

2.3: INTEREST

Reimbursement of developers' interest expenses will not be approved in MITC Brownfield Plans. Instead, MITC is capitalizing major public infrastructure improvements to serve the MITC Redevelopment Area. These are costs that developers do not have to fund and then wait for reimbursement, thus preserving capital. Payment of interest expenses would reduce the TIR available to reimburse MITC's public infrastructure costs and extend the reimbursement period.

2.4: SOFT COSTS

Soft costs for eligible environmental and non-environmental activities will be considered for reimbursement when appropriate for on-site environmental response actions and demolition, site preparation, and other construction-related activities. Soft costs will typically be reimbursed as a fixed percentage of eligible environmental response and/or construction activities as follows, unless otherwise approved by MITC:

- Architectural/engineering design – 3%
- Eligible activities management (developer) – 5%
- General conditions – 10%

General conditions, include, but are not limited to the following activities: permitting, including SESI; insurance; erosion control; temporary facilities; site safety; site security and maintenance; site access; waste management; and site cleanup.

2.5: CONTINGENCY

Contingency costs will be considered up to a maximum of 15% of the costs for tasks where reasonable uncertainties exist in the level of effort required to complete the task. These typically include design and construction activities for which the scope of work cannot be accurately determined at the time of brownfield plan preparation. Tasks completed before brownfield plan approval and preparation of plans and reports are not eligible to be included in any contingency calculation.

2.6: CAPTURE AND USE OF LOCAL AND SCHOOL OPERATING TAXES

MITC Brownfield Plans will be constructed to capture 100% of available incremental local and school operating taxes. When developers are responsible for securing approvals from the Department of Environment, Great Lakes and Energy (EGLE) and the Michigan Strategic Fund (MSF) for school operating tax capture, they are expected to fully comply with the Act 381 requirements for preparing Act 381 Work Plans, securing approvals from the appropriate entities, and submitting proof of approvals to MITC.

Reimbursement of eligible activities only with incremental local taxes may be approved only in the following circumstances:

- The use of local-only taxes is approved by the township in which the property is located.
- The eligible costs were specifically described as reimbursable only with incremental local taxes in an approved Brownfield Plan.
- If the activity or activities are eligible under Act 381, were included in an approved Brownfield Plan, and subsequently denied for state school operating tax participation by EGLE or MSF, local-only tax increment may be considered, provided the approved Brownfield Plan does not prohibit or cap the use of local-only tax increment financing to reimburse the particular activity proposed for local-only reimbursement. Local taxes will be used to reimburse the costs of these activities only in an amount equal to the proportionate share of capture (the local taxes) and reimbursement that would have been contributed if EGLE or MSF had approved capture of state school taxes.
- If the eligible activities were completed prior to approval of the Brownfield Plan, but subsequently included in the Brownfield Plan, the following conditions must be met:
 1. The eligible activities were not exempt activities; exempt activities are eligible under Act 381 for school operating tax capture without an approval of a Work Plan by EGLE or MSF.

2. The eligible activities were conducted, and expenses were incurred, due to unanticipated circumstances or compressed project schedule that inhibited compliance with the MITC brownfield TIF approval process timeline.
3. The eligible activities were conducted, and expenses were incurred with MITC's prior approval, to be excluded from an Act 381 Work Plan.
4. The entity that incurred the costs is the same as that requesting Act 381 TIF support.

2.7: BROWNFIELD PLANS AND ACT 381 WORK PLANS

Brownfield Plans and Brownfield Plan Amendments will be prepared by MITC at MITC's expense. MITC reserves the right to reimburse the costs of plan preparation with TIR captured from the respective property/development prior to reimbursement of other eligible costs incurred by the developer. Developers seeking Act 381 TIF support are expected to promptly provide all information requested by MITC that is necessary to prepare the plans.

Unless otherwise instructed by MITC, developers seeking approval for school operating tax capture are responsible for preparing all necessary Act 381 Work Plans and Work Plan Amendments for submission to EGLE and/or the Michigan Economic Development Corporation/MSF for approval and for all additional activities required for such approvals. The costs for preparing and implementing Act 381 Work Plans are eligible for reimbursement to the extent allowed by Act 381.

2.8: CAPTURE OF TIR FOR OTHER THAN DEVELOPER REIMBURSEMENT

During the capture period for each redevelopment project/property, MITC will apply captured TIR to three priority programs before reimbursing developers' eligible costs. Fifty percent (50%) of the annual State Education Tax increment will be captured for deposit into the State Brownfield Redevelopment Fund (SBRF) during the first 25 years of the Brownfield Plan as required by Act 381.

Ten percent (10%) of the annual local TIR will be captured by MITC for payment of actual administrative operating costs, to the extent allowed by Act 381. The amount of administrative tax capture may be adjusted on a pro rata basis for all active redevelopment projects as necessary to comply with administrative cost capture caps imposed by Act 381.

Thirty percent (30%) of TIR available after funding of the SBRF and MITC administrative costs, plus all available TIR that cannot be used to reimburse the developer's eligible costs (e.g., school operating taxes for a local-only brownfield plan), will be captured from each redevelopment project to fund MITC's public infrastructure improvements in the MITC Redevelopment Area.

MITC does not intend to capture TIR to fund a Local Brownfield Revolving Fund (LBRF).

3: PROCEDURES

MITC recognizes the importance of redevelopment project schedules and will expedite the review and decision process for the proposed Brownfield Plan to the extent possible under the circumstances.

3.1: BROWNFIELD PLAN AND ACT 381 DECISION PROCESS

The following process and procedures will be used by MITC for the preparation of and decision on Brownfield Plans:

- Developers may request participation in MITC's Act 381 brownfield TIF program and initiate the Brownfield Plan consideration process and support by contacting any of the MITC personnel

identified in Section 4. It should be anticipated that any such contacts may be shared with other MITC personnel. The following information will be required for initial consideration of the request:

- Description of the project, including property location, preliminary site plan, and estimated private investment/construction costs.
 - Detailed description of eligible activities and costs, to be presented in a form specified by MITC (example attached; Excel template spreadsheet available upon request), and demonstration that all activities are eligible under Act 381.
 - Project development schedule.
 - Documentation sufficient to demonstrate financial capability to complete the project.
 - Copies of all available environmental and geotechnical assessment reports.
 - Developer's name and contact information
- Each request for TIF support will be reviewed by the MITC Operating Committee. Additional information may be requested by the committee, and the committee may specify changes in the eligible activities and costs, reimbursement program, etc. Developers will be provided opportunities to discuss committee concerns, issues, and requested changes with the committee prior to a final determination of the level of TIF support offered by MITC.
 - Once the Operating Committee has approved the eligible activities and costs, MITC will prepare a Brownfield Plan or Brownfield Plan Amendment for the project.
 - The Brownfield Plan will be considered for decision by the MITC Board at its next scheduled meeting. In special circumstances where expedited approval is needed to support the project development schedule, a special session of the Board may be called to consider the plan.
 - In the event a Brownfield Plan is approved by the MITC Board, it will be sent to the two governing bodies, Plymouth Township and Northville Township, for public hearings and approvals as required by Act 381. Each township Board of Trustees will schedule and hold a public hearing on the plan and then vote to approve or reject the plan. The Brownfield Plan will become effective after both Boards have approved it.

The following process and procedures will be used by MITC for preparation and approval of Act 381 Work Plans:

- For Parcel 13 Brownfield Plans in which school operating taxes will be captured to reimburse environmental (EGLE) eligible costs, the developer shall prepare an Act 381 Work Plan and submit it to the Operating Committee for review and approval upon request.
- For Parcel 13 Brownfield Plans in which school operating taxes will be captured to reimburse non-environmental (MSF) eligible costs, the developer shall support and provide necessary project information to the MITC, which shall prepare an Act 381 Work Plan amendment and submit it to the Operating Committee for review and approval upon request.
- After approval by the committee, the Work Plan will be considered for decision by the MITC Board at its next scheduled meeting. In special circumstances where expedited approval is needed to support the project development schedule, a special session of the Board may be called to consider the plan, or the Board may empower the Brownfield Operations Consultant to submit a work plan without a formal Board review and approval of the document.
- IMITC will submit the approved Act 381 Work Plan to EGLE and/or MEDC/MSF for review and approval. All subsequent activities needed to secure approvals of the Work Plan will be the developer's responsibility, unless specific questions or requests are issued to MITC by the reviewing agencies or MITC has assumed responsibility for the Work Plan. MITC will provide assistance to developers to the extent possible during the review and decision process.

3.2: REIMBURSEMENT AGREEMENT

The reimbursement of all eligible costs shall be governed by the Brownfield Plan, Act 381, and a project-specific Reimbursement Agreement. Prior to reimbursement of any eligible costs, developers must execute a Reimbursement Agreement with MITC. MITC will provide a Reimbursement Agreement template, which may be modified by agreement of both parties to address project-specific circumstances. The Reimbursement Agreement must be approved by the MITC Board, then fully executed by both parties.

3.3: REIMBURSEMENT PROCESS

All eligible activities must be completed within the time specified in the Reimbursement Agreement. The eligible costs reimbursement process will be as follows:

- Requests for reimbursement and supporting documentation, shall be submitted to the MITC Finance and Budget Director in a form and manner specified by MITC, who will distribute the requests to the Operating Committee. After review of submittals, the committee may approve the reimbursement, request additional supporting information, or reject one or more costs in the reimbursement request.
- Requests for reimbursement of eligible costs must be submitted no later than 18 months after the costs were incurred, or as otherwise specified in an approved Reimbursement Agreement. Unless granted an extension by MITC, costs submitted later than the approved time period after they were incurred will not be considered for reimbursement
- Once TIR capture begins, reimbursement of the approved eligible costs may begin in accordance with the terms of the Reimbursement Agreement.
- After the townships collect annual property taxes and transfer the appropriate Act 381 TIR to MITC, the MITC Board will approve disbursements for approved eligible costs as soon as practicable.
- MITC will not reimburse eligible costs for the redevelopment of a property if, and as long as, any property tax payments are delinquent.

4: CONTACT INFORMATION

Contact information for members of the MITC Operating Committee is presented below:

Kurt Heise
MITC Chair
Ph: 734-354-3201
Email: kheise@plymouthtp.org

Gary Roberts
Planning Consultant
Ph: 734-604-4628
Email: groberts.us@gmail.com

Mark Abbo
MITC Vice Chair
Ph: 248-348-5800
Email: mabbo@twp.northville.mi.us

James Harless
Brownfield Operations Consultant
Ph: 734-260-1130
Email: harless.assoc@charter.net

Wendy Hillman
MITC Finance and Budget Director
Ph: 248-230-0421
Email: whillman@twp.northville.mi.us