

## LOCAL BROWNFIELD REVOLVING FUND POLICY

### CITY OF MARQUETTE BROWNFIELD REDEVELOPMENT AUTHORITY

The City of Marquette Brownfield Redevelopment Authority has established a Local Brownfield Revolving Fund (LBRF) as authorized under Section 8 of Act 381, PA 1996, as amended, Michigan's Brownfield Redevelopment Financing Act (Act 381). This policy provides guidance for consideration of expenditures from the LBRF.

#### Background

Act 381 provides for the capture of increased incremental property taxes generated by additional private investments on Brownfield sites to reimburse certain Brownfield Eligible Activities, with the approval of a Brownfield Plan by local government and an Act 381 Work Plan by State government.

In addition, Act 381 allows for additional incremental property tax capture to be deposited into an LBRF during the time of capture for the original Eligible Activities, up to five years after, or both. LBRF capture is limited to the equal amount of all Eligible Activity expenses for local taxes and Environmental Eligible Activities for State taxes. Brownfield Tax Increment Financing (TIF) revenues deposited in the LBRF includes City taxes at 32.85% and leverages other local and State funding at 77.15%.

The LBRF is a unique tool to provide up-front funding to catalyze and support economic and community development that meet Act 381 requirements; achieve City and MBRA goals; and/or are unlikely to be achieved without financial assistance.

The Local Brownfield Revolving Fund is intended to be a self-sustaining revolving fund, supported by Brownfield project tax capture and repayment of funds drawn from the LBRF. Loans may be repaid through Brownfield Tax Increment Financing (TIF) revenue, developer funds, or other sources. In some circumstances, the MBRA may consider a grant from the LBRF.

The LBRF is anticipated to continue to grow as Marquette Brownfield projects mature and can provide significant resources for economic and community development. The LBRF balance can be found in the monthly Financial Reports for the MBRA.

The Marquette Brownfield Redevelopment Authority may consider other factors additional to Act 381 minimum requirements in determining allocations from the LBRF. This policy outlines those factors.

#### Goal

The goal for the use for financial assistance from the LBRF is to encourage redevelopments that achieve goals in the strategic plan of the City of Marquette (City), that target priority areas of the City as identified by the MBRA, or that target priority initiatives as identified by the MBRA. The MBRA will update priority areas and priority initiatives every two years, in close coordination with the City Commission and City staff.

#### Priority Initiatives

1. Workforce and affordable housing.
2. Improvement of public infrastructure.
3. Increased employment.
4. Historic building renovation.

For LBRF grants, the MBRA favors projects which achieve City strategic plan goals **and** priority initiatives **at** priority sites. Furthermore, the MBRA will only issue grants when it is clear that a loan is unlikely to be sufficient to catalyze a project. The MBRA favors loans over grants in most cases. In special circumstances and determined on a case-by-case basis, loans may be converted to a grant at the sole discretion of the MBRA.

**Approach**

**Applicant and Property Eligibility**

Applicants for LBRF funds may be public, private, and/or not-for-profit entities, and they must meet the following requirements:

- Have a legal interest in the property (ownership or binding purchase agreement);
- Not have contributed to nor be liable for environmental contamination at the property;
- Have met or have plans to meet All Appropriate Inquiry and environmental due diligence requirements under Part 201, Act 451, PA 1994;
- For all Eligible Activities other the environmental due diligence, have received all necessary permits and approvals from all regulatory agencies;
- Be current on all obligations to the City, including but not limited to real and personal property taxes, and have no outstanding compliance issues with Federal, State, County, or Local governments.

The property for the proposed project must meet one or more of the following qualifications for Eligible Property under Act 381:

- Part 201 Facility – Contaminated with constituent(s) above MDEQ Generic Cleanup Criteria;
- Blighted – Declared a public nuisance, attractive nuisance, disconnected utilities, fire hazard, tax reverted, owned or under the control of a land bank authority, has substantial buried debris;
- Functionally obsolete – Can no longer be used for its intended use;
- Historic Designation – Designated as historic by Federal, State, or Local entities.
- Housing Property – Property on which 2 or more residential housing units are proposed to be constructed, rehabilitated, or otherwise designed to be use as a dwelling.

**Eligible Activities**

Act 381 defines Eligible Activities that are outlined below. The MBRA will consider financing of any of the following Eligible Activities for projects that meet the goals for the LBRF, above.

<b>Environmental</b>	<b>Department Specific</b>
Phase I and II Environmental Site Assessment	UST Removal and Closure
Baseline Environmental Assessments	Solid Waste Disposal
Due Care Activities	Dust Control
Additional Response Activities	Industrial Cleaning
Contaminated Sediment Removal	Lead, Mold, Asbestos Abatement of imminent threat

<b>Non-Environmental</b>	
Lead and Asbestos Abatement Site Preparation	Demolition Public Infrastructure
Private Infrastructure for underground parking, multilevel parking structures, urban stormwater management systems	

<b>Housing Development Activities (all for &lt;120% AMI)</b>	
Rehabilitation Renovation of Existing Buildings Financing Gap	Acquisition Costs for Blighted Rental Units Temporary Relocation Costs Demolition, Site Preparation, Infrastructure*

\*Already Eligible Activities in the City of Marquette as a Qualified Local Governmental Unit/Core Community

<b>Other Eligible Activities</b>	
Relocation of Public Facilities Environmental Insurance	Interest on Brownfield Eligible Activities
Brownfield Plan/Act 381 Work Plan Development, Approval and Implementation	

Only those costs incurred after approval of the grant or loan (with the exception of environmental due diligence and pre-demolition surveys) will be paid for by LBRF funds. The final determination of whether an activity constitutes an Eligible Activity rests solely with the MBRA. LBRF funds may be used to fund some, a portion of some, or all the Eligible Activities at a project.

### **Loans**

Loans may be used to finance approved Eligible Activities (as defined above). The terms of the loan will be incorporated into a Loan Agreement or the project’s Development and Reimbursement Agreement, as applicable, and determined on a case-by-case basis at the sole discretion of the MBRA, in general conformance with the following guidelines:

- A Brownfield Plan must be or will be approved, which may include a provision for Brownfield TIF capture to repay the loan or other arrangements must be made for repayment;
- Loans will include interest to be set by the MBRA;
- The term for repayment of the loan will be set by the MBRA, but in any case will not be greater than fifteen (15) years;
- Fees for processing the loan will be based on a percentage of the total amount of the loan to be determined by the MBRA, but will not greater than 1%.
- Loans will be disbursed on a reimbursement basis upon fulfillment of the terms and conditions of the Loan Agreement or Development and Reimbursement Agreement.
- Provisions for repayment of the loan upon sale of the subject property will include either payment of outstanding principal and/or interest at the time of sale or, if Brownfield TIF revenues are available, continuation of capture until the obligation is met.

## Application

Applicants will submit an application in a form provided by the MBRA, including all required attachments. As part of the application, applicants will be required to document:

- Applicant Eligibility;
- Qualification as Brownfield Eligible Property;
- Cost and Justification for Brownfield Eligible Activities;
- How the project furthers the City strategic plan and meets goals for MBRA priorities (sites and initiatives);
- Overall Project Financing;
- Financial Need for the LBRF Loan;
- Bank and Credit References;
- Experience in Similar Projects;
- Job Creation
- Compliance with Federal, State, and Local regulations

## Approval and Execution

Upon receipt of the application, Brownfield Authority Staff will review the application and determine whether the application is sufficient, meets the requirements of Act 381, the proposed property meets the definition of Eligible Property and includes MBRA approved Eligible Activities, and meets other requirements of the MBRA LBRF Policy.

A recommendation will be prepared and presented to the MBRA, which will determine whether the project meets the goals of the MBRA LBRF policy, the request is an appropriate amount, and any other terms and conditions necessary for approval.

Upon approval by the MBRA to allocate funds from the LBRF, a Brownfield Plan will be prepared and approved by the MBRA and the Marquette City Commission, if applicable.

A Development and Reimbursement Agreement will be prepared and approved by the MBRA and executed with the Developer. If the MBRA determines that a Development and Reimbursement Agreement is not necessary, a Loan Agreement (if applicable) will be prepared and approved by the MBRA and executed with the Developer.

The LBRF approval process, with the Brownfield Plan and Act 381 Work Plan approval process, may take up to 120 days.

For projects which include environmental due diligence in selected areas, the loan or grant may be approved and executed prior to the approval of a Brownfield Plan and Act 381 Work Plan.

Upon completion of the Eligible Activities, the Developer will submit invoices in a form provided by the MBRA with the evidence that the Eligible Activities were conducted with the LBRF loan or grant proceeds and proof of payment, including cancelled checks or waivers of lien.

The MBRA will review and approve the invoice and authorize a draw on the LBRF in the amount approved.

Once all Eligible Activities are conducted under the LBRF loan or grant and invoices approved by the MBRA, the Developer will execute a Final Release and Waiver of Lien for the LBRF loan or grant.

### **Reports**

All reports funded in whole or in part with the support of the MBRA LBRF will be provided to the MBRA in electronic copy.

### **Management and Administration**

The MBRA Board will be responsible for final decisions regarding all LBRF loans and grants. An LBRF Committee comprised of three (3) Board members will be appointed by the Chair to review applications and make recommendation to the full MBRA Board. The MBRA Executive Director will manage and oversee the implementation of the LBRF, will provide recommendations to MBRA regarding individual projects, and will be responsible for reporting on the status of projects, loans, grants, and the non-obligated funds available in the LBRF. The MBRA's Brownfield consultant (if applicable) and the City of Marquette legal counsel will advise on LBRF activities. The MBRA may enter into agreements with a loan servicing provider or participating lending institutions if it is determined to be in the MBRA's best interest. Any such agreement shall be approved by the MBRA.

Staff will report to the MBRA not less than quarterly on the status of any outstanding loans as well as on the financial standing of the LBRF fund.

### **Amendments**

The MBRA, in its sole discretion, may make amendments to this policy as it deems appropriate.

### **Waiver**

MBRA, in its sole discretion, may choose to waive all or any part of this policy if it determines such waiver to be in the MBRA's best interest.

### **Fees**

All fees related to the project will be provided for the Brownfield Plan/Act 381 Work Plan Development, Approval and Implementation and, if included in the Brownfield Plan, are subject to reimbursement from Brownfield TIF revenues.

Fees will be determined upon approval of the application and will depend upon the project complexity and necessary arrangements.

The process for developing the Brownfield Plan, Act 381 Work Plan and Development and Reimbursement Agreement will be initiated when the up-front fees are deposited with the MBRA.

PRIORITY SITES: 2023 – 2024

The following have been identified by the MBRA as Priority Sites for Brownfield Redevelopment in the City of Marquette for 2023 – 2024. The Priority Site list will be reviewed on a bi-annual basis. Priority Sites may be also added by the MBRA during this period, based on development opportunities, availability of property, and other factors.

1. Former Marquette General Hospital property near College Ave. and Seventh St.
2. Former Cliffs-Dow property near Lakeshore Blvd. and Wright St.
3. Former Marquette Mall and Shopko property near Washington St. and McClellan Ave.
4. Former Presque Isle Power Plant property near Lakeshore Blvd. and the Dead River.
5. Former Shiras Power Plant property near Lake St. and Hampton St.