ACT 381 BROWNFIELD PLAN

266 E. Michigan Avenue
City of Kalamazoo, Kalamazoo County
City of Kalamazoo Brownfield Redevelopment Authority

6/11/2020

Prepared by:
Joe Agostinelli
Southwest Michigan First
261 E. Kalamazoo Ave, Suite 200
Kalamazoo, MI 49007

Approved by the Brownfield Redevelopment Authority on July 16, 2020

Approved by the Kalamazoo City Council on ______________________________
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ACT 381 BROWNFIELD PLAN

1.0 INTRODUCTION

1.1 Proposed Redevelopment and Future Use for Each Eligible Property
The proposed project includes the redevelopment of a historic building situated on an approximately 0.078 acre parcel located at 266 E. Michigan Avenue in the City of Kalamazoo, Michigan (the "Property"). The Property is comprised of a four-story building, the first floor being restaurant space and the upper three floors being vacant and undeveloped, in the heart of downtown Kalamazoo. The entire building is approximately 14,000 square feet, and the developer will redevelop the upper three floors, comprising approximately 10,500 square feet.

The developer has incurred and will incur "eligible activity" expenses in connection with the Property, as defined in the Brownfield Redevelopment Financing Act of 1996 ("Act 381"), including department specific activities, lead and asbestos abatement, demolition, and infrastructure improvements.

The purpose of this Plan is to provide for reimbursement of the eligible activity expenses incurred and to be incurred by the developer on the Property and improvements that will directly benefit the Property. The Property requires significant investment to return it to functional use. The proposed project includes the selective interior demolition and redevelopment of the vacant upper three floors of the Property into 11 residential apartments, in addition to minimal rehabilitation activities on the first floor in order to support the apartments located on the upper three floors (the "Project").

The total capital investment on the project will be approximately $3.7 million.

1.2 Eligible Property Information

Basis of Eligibility
The Property is located in the City of Kalamazoo (the "City"), a qualified local governmental unit pursuant to Act 381. The Property is considered an "eligible property" under Act 381 because it is a "historic resource" located in a historic district registered on the National Register of Historic Places. See Attachment D for verification of historic resource status.

Location and Legal Description
266 E. Michigan Ave Parcel ID: 06-15-379-006 0.078 Acres Kalamazoo, MI 49007

Legal Description:
332, 334 ORIGINAL PLAT OF THE TOWN (NOW CITY) OF KALAMAZOO; Liber 6 of Plats Page 8; That part of the Southwesterly 48 feet of the Northeasterly 72 feet of Lot 105 lying North
2.0 Information Required by Section 13(2) of the Statute

2.1 Description of Costs to Be Paid for With Tax Increment Revenues
Tax increment revenues will be used to reimburse the developer and City of Kalamazoo Brownfield Redevelopment Authority (KBRA) for the cost of eligible activities as authorized by the Brownfield Redevelopment Financing Act (Act 381). Statutorily approved environmental eligible activities and if approved by the Michigan Strategic Fund (“MSF”), non-environmental eligible activities will be reimbursed with local and school tax increment revenues (TIR). The remaining eligible activities will be reimbursed with local TIR only.

The total cost of eligible activities are anticipated to be $100,000. Authority administrative costs are anticipated to be $11,156. Funding to the State Brownfield Redevelopment Fund is anticipated to be $5,763. Due to the project’s location in the Kalamazoo Downtown Economic Growth Authority, capture of TIR for the Local Brownfield Revolving Fund (LBRF) is not anticipated under this plan. The estimated cost of all eligible activities under this plan are summarized in Table 1.

Environmental Activities
Department specific activities considered under this plan may include Phase I & Phase II Environmental Site Assessments (ESA), Baseline Environmental Assessments (BEA), Due Care Plans and Due Care Plan implementation.

Non-Environmental Activities
Because the City of Kalamazoo is a Qualified Local Governmental Unit ("QLGU"), additional non-environmental costs ("Michigan Strategic Fund ("MSF") Eligible Activities") can be reimbursed through a brownfield plan. This plan will provide for reimbursement of eligible demolition; lead, asbestos & mold abatement; site preparation; and infrastructure improvements.

Authority Expenses
Actual eligible costs incurred by the City of Kalamazoo Brownfield Redevelopment Authority ("KBRA") are included in this plan as an eligible expense. These expenses will be reimbursed with local tax increment revenues only.

2.2 Summary of Eligible Activities

2.2.1 Phase I & Phase II ESA, BEA and Due Care Plan
The developer conducted baseline environmental assessment (BEA) activities on the Property during the acquisition phase of the Project. The cost of these activities are estimated to be $20,000.
2.2.2 Lead and Asbestos Abatement
The developer will incur costs associated with initial surveys of the Property and proper abatement and disposal of lead and asbestos prior to demolition activities. The cost of these activities are estimated to be $15,500.

2.2.3 Demolition
Existing site improvements and parts of the interior of the building will be demolished to prepare the Property for redevelopment. This demolition will include the removal of certain interior improvements in the upper three floors of the building that are outdated or unsuited to the proposed residential housing. The cost of these activities is estimated to be $35,000.

2.2.4 Infrastructure Improvements
Infrastructure improvements that directly benefit eligible property will include utility improvements, road improvements, and other eligible infrastructure improvements. The cost of these activities is estimated to be $10,500.

2.2.5 Site Preparation
Site preparation activities are not anticipated on this project.

2.2.6 Contingency
A 15% contingency on future costs is included to cover unexpected cost overruns encountered during construction on the future costs. The contingency is $9,000.

2.2.7 Brownfield Plan Preparation
The cost to prepare the Brownfield Plan and Act 381 Work Plan is anticipated to be $10,000.

2.2.8 Local Brownfield Revolving Fund
Due to the project’s location in the Kalamazoo Downtown Economic Growth Authority, capture of TIR for the Local Brownfield Revolving Fund (LBRF) is not anticipated under this plan.

2.3 Estimate of Captured Taxable Value and Tax Increment Revenues
An estimate of the captured taxable value for this redevelopment by year is depicted in Table 2. This plan captures all available TIR, including real and personal property TIR.

2.4 Method of Financing and Description of Advances Made by the Municipality
The eligible activities contemplated under this plan will be financed by the developer and reimbursed as outlined in this plan and accompanying development agreement. No advances from the City are anticipated at this time.

2.5 Maximum Amount of Note or Bonded Indebtedness
No note or bonded indebtedness for this project is anticipated at this time. Therefore, this section is not applicable.

2.6 Duration of Brownfield Plan
The duration of this plan is estimated to be 6 years, however, capture may continue until all eligible activities are reimbursed. In no event shall capture extend beyond 30 years as required by Act 381. It is estimated that the redevelopment of the property will be completed in 2021 and that it could take up to 6 years to recapture eligible costs and eligible administrative costs of the authority through TIR. Capture of TIR is expected to begin in 2021, however could be delayed for up to 5 years after the approval of this plan as permitted by Act 381. An analysis showing the reimbursement schedule is attached as Table 3.

2.7 Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions
An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions is illustrated in detail within Table 2.

2.8 Legal Description, Property Map, Statement of Qualifying Characteristics and Personal Property
The property consists of one parcel that is 0.078 acres in size and is located at 266 E. Michigan Ave (Parcel Identification Number 06-15-379-006). A legal description of the property along with a map showing eligible property dimensions, is attached as Figure 1.

The parcel is a “Historic Resource” as defined in section 90a of the Michigan Strategic Fund Act (1984 PA 270) and therefore is considered “eligible property” under Act 381.

Taxable personal property, if any, is included in this plan.

2.9 Estimates of Residents and Displacement of Individuals/Families
No persons reside at the property; therefore, this section is not applicable.

2.10 Plan for Relocation of Displaced Persons
No persons reside at the property; thus, none will be displaced. Therefore, this section is not applicable.

2.11 Provisions for Relocation Costs
No persons reside at the property; thus, none will be displaced. Therefore, this section is not applicable.

2.12 **Strategy for Compliance with Michigan’s Relocation Assistance Law**
No persons reside at the property; thus, none will be displaced. Therefore, this section is not applicable.

2.13 **Other Material that the Authority or Governing Body Considers Pertinent**
None.
Figure 1

Eligible Property Map &
Legal Description

Legal Description:

332, 334 ORIGINAL PLAT OF THE TOWN (NOW CITY) OF KALAMAZOO; Liber 6 of Plats Page 8; That part of the Southwesterly 48 feet of the Northeasterly 72 feet of Lot 105 lying North of Bates Alley
Table 1

Eligible Activity Costs
## TABLE 1

### EGLE Eligible Activities Costs and Schedule

<table>
<thead>
<tr>
<th>Department Specific Activities</th>
<th>Cost</th>
<th>Completion Season/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEA Activities</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>EGLE Eligible Activities Sub-Total</td>
<td>$20,000</td>
<td></td>
</tr>
<tr>
<td>Brownfield Plan Preparation</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>EGLE Eligible Activities Total Costs</td>
<td>$20,000</td>
<td></td>
</tr>
</tbody>
</table>

### Local Only Eligible Activities Costs and Schedule

<table>
<thead>
<tr>
<th>Local Only Eligible Activities</th>
<th>Cost</th>
<th>Completion Season/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead and Asbestos Abatement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Survey</td>
<td>$3,000</td>
<td></td>
</tr>
<tr>
<td>Removal and proper disposal of lead and asbestos</td>
<td>$12,500</td>
<td></td>
</tr>
<tr>
<td>Subtotal - Lead and Asbestos Abatement</td>
<td>$15,500</td>
<td></td>
</tr>
</tbody>
</table>

| Demolition                     |        |                         |
| Selective Interior Demolition   | $35,000|                         |
| Sub-total - Demolition          | $35,000|                         |

| Infrastructure Improvements    |        |                         |
| Asphalt paving                 | $5,500 |                         |
| Concrete Cutting               | $5,000 |                         |
| Subtotal – Infrastructure      | $10,500|                         |

| Site Preparation               |        |                         |

| Sub-total – Site Prep          | $-     |                         |
| Local Only Eligible Activities Sub-Total | $61,000|                         |
| Contingency (15%)              | $9,000 |                         |
| Brownfield Plan Preparation    | $10,000|                         |
| Local Only Eligible Activities Total Costs | $80,000|                         |

Combined EGLE & Local Only Eligible Activities Total Costs | $100,000
Table 2

Tax Capture Schedule
Tax Increment Financing (TIF) Capture Estimate
266 E Kalamazoo Ave, Kalamazoo MI

JULY 2020

Jul-20 taxable Value (TV) Increase Rate: 0.75%

<table>
<thead>
<tr>
<th>Plan Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>TOTAL</th>
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<tr>
<td>Calendar Year</td>
<td>2021</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
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<tr>
<td>Base Taxable Value</td>
<td>$104,489</td>
<td>$104,489</td>
<td>$104,489</td>
<td>$104,489</td>
<td>$104,489</td>
<td>$104,489</td>
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<tr>
<td>Estimated New TV</td>
<td>$412,500</td>
<td>$415,594</td>
<td>$418,711</td>
<td>$421,851</td>
<td>$425,015</td>
<td>$428,203</td>
<td>$-</td>
</tr>
<tr>
<td>Incremental Difference (New TV - Base TV)</td>
<td>$308,011</td>
<td>$311,105</td>
<td>$314,222</td>
<td>$317,362</td>
<td>$320,526</td>
<td>$323,714</td>
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</table>

**School Capture**

<table>
<thead>
<tr>
<th></th>
<th>Millage Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>State Education Tax (SET)</td>
<td>6.0000</td>
<td>$1,848</td>
<td>$1,867</td>
<td>$1,885</td>
<td>$1,904</td>
<td>$1,923</td>
<td>$1,942</td>
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<tr>
<td>School Operating Tax</td>
<td>17.8704</td>
<td>$5,504</td>
<td>$5,560</td>
<td>$5,615</td>
<td>$5,671</td>
<td>$5,728</td>
<td>$5,785</td>
</tr>
<tr>
<td><strong>School Total</strong></td>
<td>23.8704</td>
<td>$7,352</td>
<td>$7,426</td>
<td>$7,501</td>
<td>$7,576</td>
<td>$7,651</td>
<td>$7,727</td>
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</table>

**Local Capture**

<table>
<thead>
<tr>
<th></th>
<th>Millage Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CITY OPERATING</td>
<td>12.0000</td>
<td>$3,696</td>
<td>$3,733</td>
<td>$3,771</td>
<td>$3,808</td>
<td>$3,846</td>
<td>$3,885</td>
</tr>
<tr>
<td>CICTA</td>
<td>0.7470</td>
<td>$230</td>
<td>$232</td>
<td>$235</td>
<td>$237</td>
<td>$239</td>
<td>$242</td>
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<tr>
<td>SOLID WASTE</td>
<td>1.8000</td>
<td>$554</td>
<td>$560</td>
<td>$566</td>
<td>$571</td>
<td>$577</td>
<td>$583</td>
</tr>
<tr>
<td>KICTA</td>
<td>0.3131</td>
<td>$96</td>
<td>$97</td>
<td>$98</td>
<td>$99</td>
<td>$100</td>
<td>$101</td>
</tr>
<tr>
<td>KVCC</td>
<td>2.7971</td>
<td>$862</td>
<td>$870</td>
<td>$879</td>
<td>$888</td>
<td>$897</td>
<td>$905</td>
</tr>
<tr>
<td>DDA</td>
<td>1.9638</td>
<td>$605</td>
<td>$611</td>
<td>$617</td>
<td>$623</td>
<td>$629</td>
<td>$636</td>
</tr>
<tr>
<td>COUNTY OPERATING - Summer</td>
<td>4.6608</td>
<td>$1,436</td>
<td>$1,450</td>
<td>$1,465</td>
<td>$1,479</td>
<td>$1,494</td>
<td>$1,509</td>
</tr>
<tr>
<td>COUNTY OPERATING - Winter - Public Sr</td>
<td>1.4409</td>
<td>$444</td>
<td>$448</td>
<td>$453</td>
<td>$457</td>
<td>$462</td>
<td>$466</td>
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<tr>
<td>COUNTY HOUSING</td>
<td>0.0993</td>
<td>$31</td>
<td>$31</td>
<td>$31</td>
<td>$31</td>
<td>$32</td>
<td>$32</td>
</tr>
<tr>
<td>COUNTY SENIOR</td>
<td>0.3484</td>
<td>$107</td>
<td>$108</td>
<td>$109</td>
<td>$111</td>
<td>$112</td>
<td>$113</td>
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<tr>
<td>KRESA OPERATING</td>
<td>2.8824</td>
<td>$888</td>
<td>$897</td>
<td>$906</td>
<td>$915</td>
<td>$924</td>
<td>$933</td>
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<tr>
<td>KRESA ALLOCATED</td>
<td>0.1437</td>
<td>$44</td>
<td>$45</td>
<td>$45</td>
<td>$46</td>
<td>$46</td>
<td>$47</td>
</tr>
<tr>
<td>KRESA SPECIAL ED</td>
<td>1.4925</td>
<td>$460</td>
<td>$464</td>
<td>$469</td>
<td>$474</td>
<td>$478</td>
<td>$483</td>
</tr>
<tr>
<td>KRESA ENHANCEMENT</td>
<td>1.4940</td>
<td>$460</td>
<td>$465</td>
<td>$469</td>
<td>$474</td>
<td>$479</td>
<td>$484</td>
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<tr>
<td>KRESA CTE</td>
<td>0.9958</td>
<td>$307</td>
<td>$310</td>
<td>$313</td>
<td>$316</td>
<td>$319</td>
<td>$322</td>
</tr>
<tr>
<td>KALAMAZOO LIBRARY</td>
<td>3.9214</td>
<td>$1,208</td>
<td>$1,220</td>
<td>$1,232</td>
<td>$1,245</td>
<td>$1,257</td>
<td>$1,269</td>
</tr>
<tr>
<td><strong>Local Total</strong></td>
<td>37.1002</td>
<td>$11,427</td>
<td>$11,542</td>
<td>$11,658</td>
<td>$11,774</td>
<td>$11,892</td>
<td>$12,010</td>
</tr>
</tbody>
</table>

**Non-Capturable Millages**

<table>
<thead>
<tr>
<th></th>
<th>Millage Rate</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>COUNTY JUV. HOME DEBT</td>
<td>0.1873</td>
<td>$58</td>
<td>$58</td>
<td>$59</td>
<td>$59</td>
<td>$60</td>
<td>$61</td>
</tr>
<tr>
<td>SCHOOL DEBT</td>
<td>8.2000</td>
<td>$2,526</td>
<td>$2,551</td>
<td>$2,577</td>
<td>$2,602</td>
<td>$2,628</td>
<td>$2,654</td>
</tr>
<tr>
<td>KRESA DEBT</td>
<td>0.3650</td>
<td>$112</td>
<td>$114</td>
<td>$115</td>
<td>$116</td>
<td>$117</td>
<td>$118</td>
</tr>
<tr>
<td><strong>Total Non-Capturable Taxes</strong></td>
<td>8.7523</td>
<td>$2,696</td>
<td>$2,723</td>
<td>$2,750</td>
<td>$2,778</td>
<td>$2,805</td>
<td>$2,833</td>
</tr>
</tbody>
</table>

Total Tax Increment Revenue (TIR) Available for Capture $18,780 $18,968 $19,158 $19,350 $19,543 $19,737 $115,536
Table 3

Reimbursement Schedule
## Tax Increment Financing (TIF) Reimbursement Estimate

### 266 E Michigan Ave, Kalamazoo MI

**JULY 2020**

<table>
<thead>
<tr>
<th>Developer Maximum Reimbursement</th>
<th>Proportionality</th>
<th>School &amp; Local Taxes</th>
<th>Local-Only Taxes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>39.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td>60.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MDEQ</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MSF</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th><strong>TOTAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total State Incremental Revenue</td>
<td>$7,352</td>
<td>$7,426</td>
<td>$7,501</td>
<td>$7,576</td>
<td>$7,651</td>
<td>$7,727</td>
<td>$45,233</td>
</tr>
<tr>
<td>State Brownfield Redevelopment Fund (50% of SET)</td>
<td>$924</td>
<td>$933</td>
<td>$943</td>
<td>$952</td>
<td>$962</td>
<td>$971</td>
<td>$5,685</td>
</tr>
<tr>
<td>State TIR Available for Reimbursement</td>
<td>$6,428</td>
<td>$6,493</td>
<td>$6,558</td>
<td>$6,623</td>
<td>$6,690</td>
<td>$6,756</td>
<td>$39,548</td>
</tr>
<tr>
<td>Total Local Incremental Revenue</td>
<td>$11,427</td>
<td>$11,542</td>
<td>$11,658</td>
<td>$11,774</td>
<td>$11,892</td>
<td>$12,010</td>
<td>$70,303</td>
</tr>
<tr>
<td>BRA Administrative Fee (10%)</td>
<td>$1,143</td>
<td>$1,154</td>
<td>$1,166</td>
<td>$1,177</td>
<td>$1,189</td>
<td>$1,201</td>
<td>$7,030</td>
</tr>
<tr>
<td>Local TIR Available for Reimbursement</td>
<td>$10,285</td>
<td>$10,388</td>
<td>$10,492</td>
<td>$10,597</td>
<td>$10,702</td>
<td>$10,809</td>
<td>$63,272</td>
</tr>
<tr>
<td>Total State &amp; Local TIR Available</td>
<td><strong>$16,713</strong></td>
<td><strong>$16,881</strong></td>
<td><strong>$17,050</strong></td>
<td><strong>$17,220</strong></td>
<td><strong>$17,392</strong></td>
<td><strong>$17,565</strong></td>
<td><strong>$102,820</strong></td>
</tr>
</tbody>
</table>

### Developer

| Reimbursement Balance | $100,000 | $83,287 | $66,406 | $49,357 | $32,136 | $14,744 | - | - |

### MSF Non-Environmental Costs

| State Tax Reimbursement | $6,428 | $6,493 | $6,558 | $6,623 | $6,690 | $5,773 |
| Local Tax Reimbursement | $10,285 | $10,388 | $10,492 | $10,597 | $10,702 | $8,972 |
| **Total MSF Reimbursement Balance** | **$83,287** | **$66,406** | **$49,357** | **$32,136** | **$14,744** | - | - |

### Total Annual Reimbursement

| $16,713 | $16,881 | $17,050 | $17,220 | $17,392 | $14,744 | $100,000 |

Estimated Total Years of Plan: 6
Attachment A

Brownfield Plan Resolution(s)
Minutes of a regular meeting of the City of Kalamazoo Brownfield Redevelopment Authority (“BRA”) held on July 16, 2020 at 7:30 a.m., local time, virtually pursuant to the Governor’s Executive Order No. 2020-129.

PRESENT: Nathan Bolton, Kevan Hess, Jason Novotny, Patti Owens, Fritz Brown, Lucas Middleton, Jamauri Bogan

ABSENT: James Escamilla, Kyle Gulau, Vice Mayor Patrese Griffin, Jasmine Vedua

The following resolution was offered by Member Owens and seconded by Member Bolton.

RECITALS:

A. The City has created the City of Kalamazoo Brownfield Redevelopment Authority (the “Authority”), under the provisions of Act 381, Public Acts of Michigan, 1996, as amended (“Act 381”).

B. Under Resolution No. 08-16, the City Commission delegated the public hearing process to the Authority regarding any future proposed Act 381 Brownfield Plan, including proposed Act 381 Brownfield Plan for 266 E Michigan Avenue.

C. A public hearing was held by the Authority on July 16, 2020, on the Brownfield Plan for 266 E Michigan Avenue, Kalamazoo; notice of the public hearing was given to all taxing authorities levying ad valorem or specific taxes against any parcels within the Brownfield Plan, and was also given by publication, as required by Act 381.

D. Following the public hearing on the 266 E Michigan Avenue Brownfield Plan, the Authority, in consideration of any comments heard at the public hearing or written communications received at or prior to the public hearing, determines that the Brownfield Plan constitutes a public purpose in that:

   a. It meets all requirements of Section 13 of Act 381.
b. The proposed method of financing the costs of eligible activities of the 266 E Michigan Avenue Brownfield Plan is feasible, and the Authority has the authority to arrange the necessary financing.

c. The description of eligible activities and their estimated costs are reasonable and necessary to carry out the purposes of Act 381, and

d. The amount of captured taxable value estimated to result from the 266 E Michigan Avenue Brownfield Plan is reasonable.

THEREFORE, IT IS RESOLVED THAT:

The City of Kalamazoo Brownfield Redevelopment Authority approves the implementation of the Act 381 Brownfield Plan for 266 E Michigan Avenue in Kalamazoo and recommends the City Commission adopt a resolution approving this Brownfield Plan.

AYES: Nathan Bolton, Kevan Hess, Jason Novotny, Patti Owens, Fritz Brown, Lucas Middleton, Jamauri Bogan

NAYS: None

RESOLUTION DECLARED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the Brownfield Redevelopment Authority at a special meeting held on July 16, 2020. Public notice was given and the meeting was conducted in compliance with Executive Order 2020-129 issued by Governor Whitmer on June 18, 2020 suspending portions of the Michigan Open Meetings Act (PA 267, 1976). Minutes of the meeting will be available as required by the Act.

Jamie McCarthy
Recording Secretary
Attachment B

Development and/or Reimbursement Agreement
BROWNFIELD PLAN DEVELOPMENT AGREEMENT

THIS BROWNFIELD PLAN DEVELOPMENT AGREEMENT (the “Agreement"), is entered into on November 19, 2020 between the CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY, a Michigan public body corporate established pursuant to Act 381 of the Public Acts of 1996, as amended, MCL 125.2651 et seq. (“Act 381”), whose address is 241 W. South St., Room 101, Kalamazoo, Michigan 49007 (the “Authority”), and 266 MICHIGAN AVE KALAMAZOO LLC, a Michigan limited liability company, whose address is 1000 Front Ave. NW Grand Rapids Michigan 49504 (the “Developer”).

RECITALS

A. The Authority, and the City of Kalamazoo (the "City"), have determined that brownfield redevelopment constitutes the performance of an essential public purpose which protects and promotes the public health, safety and welfare.

B. The City has established a Brownfield Redevelopment Authority and the Authority, and the City have adopted a Brownfield Plan specifically for this site (the “Plan”), pursuant to the provisions of Act 381.

C. The Authority and the City have designated certain properties that have conditions of environmental contamination, blight or obsolescence as appropriate sites for creating a Plan.

D. Act 381 permits the use of the real and personal property tax revenues generated from the increase in value (the “Increment”) to brownfield sites constituting Eligible Property under Act 381 resulting from their redevelopment to pay or reimburse the payment of costs of conducting Eligible Activities (these costs are referred to as “Eligible Costs”) and permits the reimbursement to Developer of Eligible Costs it has incurred.

E. Developer owns property in the City located at 266 E. Michigan Ave. Kalamazoo MI. (the “Property”) and legally described on the attached Exhibit A.

F. The Property has been included in the Plan and qualified as an “Eligible Property” under the terms of Act 381.

G. Developer intends to redevelop the existing four-story building located at the Property into two first floor retail suites with eleven (11) residential market rate apartments on the upper floors (the “Project”). The Project is expected to generate a total capital investment of approximately $3.5 million. These investments are expected to create at least two jobs at this location and would increase the property tax base within the City of Kalamazoo.

H. The Project will require the Developer to incur Eligible Costs associated with certain Eligible Activities including lead and asbestos surveys, environmental due diligence, lead and asbestos abatement, demolition, and infrastructure improvements, which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals. The Developer’s Eligible Costs shall not exceed $100,000.

I. The parties are entering into this Agreement to establish the procedure for the reimbursement from Tax Increment Revenues under Act 381 as amended.
NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein, the parties agree as follows:

1. **Recitals.** The above recitals are acknowledged as true and correct, and are incorporated by reference into this Paragraph.

2. **The Plan.** The Plan, approved by the Authority and the Kalamazoo City Commission, is attached as Exhibit B and incorporated as part of this Agreement. To the extent provisions of the Plan or this Agreement conflict with Act 381, Act 381 controls.

3. **Term of Agreement.** Pursuant to the Plan, the Authority shall capture that amount of Tax Increment Revenues generated from real and personal property taxes allowed by law on the Eligible Property. Capture will begin in the first full year after the year the project is completed, which is achieved once a final certificate of occupancy is obtained, and will continue until the earlier of:

   3.1 Full reimbursement to the Authority of its Administrative Costs, plus reimbursement to the Developer of the Property as outlined in the Plan, including reimbursement of Eligible Costs for those Eligible Activities set forth in Paragraph 5, plus an additional amount captured by the Authority for an additional five full years of tax capture ("Additional Authority Amount") such Additional Authority Amount to be designated for the Local Brownfield Revolving Fund "Local Fund"; or

   3.2 13 years. With five of the 5 years designated for Local Brownfield Revolving Fund (LBRF) only.

4. **Evidence of Ownership.** Prior to the execution of this Agreement, Developer shall provide to the Authority each of the following: (a) evidence satisfactory to the Authority that the Developer has acquired fee simple title to the Property, which evidence shall include (without limitation) a copy of a recorded deed to the Property in favor of the Developer; and (b) a copy of a commitment for owner's title insurance with respect to the Property (the "Commitment"), which Commitment shall show the Developer as record owner of the Property, shall reflect that all material conditions to the issuance of a policy thereunder have been satisfied, and shall otherwise be in form and substance satisfactory to the Authority.

5. **Eligible Activities.** The Developer shall diligently pursue completion of the Eligible Activities summarized in the Plan and set forth in this Paragraph. The Authority shall reimburse the Developer for Eligible Costs incurred on or after the date of the inclusion of this Project in the Plan, unless otherwise agreed upon by the Authority and included in the Plan, and may include environmental due diligence and Due Care Activities, site preparation, lead and asbestos abatement, demolition, and infrastructure improvements which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals.

6. **Reimbursement Source.** During the term of this Agreement and except as otherwise set forth in this Agreement, the Authority shall reimburse the Developer for its Eligible Costs, as limited under this Agreement, from all available Tax Increment Revenues collected from the real and personal property taxes on the Property,
7. **Reimbursement Process.**

7.1 **Cost Reimbursement Request.** The Developer will provide sufficient documentation of the Eligible Costs incurred including the dates of each Eligible Activity, a complete description of the work, proof of payment, detailed invoices for the costs involved for each Eligible Activity, sworn statements, lien waivers and other back up documentation reasonably requested by the Authority; a written statement certifying to the Authority that all such costs are "Eligible Costs"; and a final certificate of occupancy to document project completion. Failure to provide the above noted information when due, or within the time permitted by the Authority under Paragraph 7.2, may result in foregone reimbursement, to the Developer by the Authority, for Eligible Costs that have not been requested within the timeframe described above.

7.2 **Authority Staff Review.** The Authority Staff shall review each reimbursement request within 30 days after receiving it. If Authority Staff determines that the documentation submitted by the Developer is not complete, then Developer shall cooperate in the Authority’s review by providing, within 30 days of the Authority's request, any additional documentation of the Eligible Costs as deemed reasonable and necessary by the Authority in order to complete its review. Within 45 days following the receipt of such supplemental information, the Authority shall make the determination of whether the costs are eligible for reimbursement. If the Developer wishes to challenge that determination, it shall provide written notice to the Authority within 15 days of the determination, and the issue shall be brought to the Authority within 45 days thereafter for a final determination. The Developer shall not have any further appeal rights to challenge the final determination of the Authority and shall not be entitled to any claim or cause of action against the Authority as a result of any determinations made in good faith regarding whether or not any cost submitted by the Developer constitutes an "Eligible Cost," and hereby grants the City and the Authority and their respective officers, agents and employees, a complete release and waiver of any claims or causes of action as a result of the foregoing.

7.3 **Reimbursement.** After both the summer and winter taxes are captured and collected on the Property, the Authority shall reimburse its Eligible and Administrative Costs and pay approved Eligible Costs to the Developer from Tax Increment Revenues that are generated from the Property in accordance with the Plan and Paragraph 7 to the extent that taxes have been captured and are available in that fiscal year. The Authority shall receive ten (10) percent of Tax Increment Revenues each year until, unless otherwise designated by the Authority. In the event that there are insufficient Tax Increment Revenues available in any given year to reimburse all of the Eligible Activities, as described in Paragraph 5, then the Authority shall reimburse the Developer only from available Tax Increment Revenues. The Developer shall receive the available Tax Increment Revenue, less Administrative Costs, during the term of this Agreement, until all of the amounts for which submissions have been made have been fully paid to the Developer, or the repayment obligation expires, whichever occurs first. The Authority shall make additional payments, on an annual basis, toward the Developer’s remaining unpaid Eligible Costs during the term of this Agreement. The Developer shall not be entitled to receive any interest on amounts for which reimbursement is requested under this Agreement. The Developer shall not be entitled to reimbursement under this Agreement unless all real and personal property taxes have been timely and completely paid, including all penalties, interest and other amounts due in relation thereto when due. For purposes of this Agreement, to be timely paid, taxes must be paid before
the date on which they can no longer be paid without penalties or interest. The repayment obligation under this Agreement shall expire upon the earlier of the full payment by the Authority to the Developer of all amounts due the Developer from the Tax Increment Revenues or 8 years from the beginning of Tax Increment Revenue capture.

7.4 Method of Reimbursement. The Authority will reimburse the Developer for Eligible Costs as follows:

Checks shall be payable to and delivered by certified mail (or through electronic transfer if available through Developer) to:

266 MICHIGAN AVE KALAMAZOO LLC  
1000 Front Ave. NW  
Grand Rapids Michigan 49504

8. Adjustments. The parties acknowledge that adjustments regarding the amount of Tax Increment Revenue paid to the Developer may occur under any of the following circumstances:

8.1 Audit or Court Ruling: In the event that a state agency of competent jurisdiction conducting an audit of payments made to the Developer under this Agreement or a court of competent jurisdiction determines that any portion of the payments made to the Developer under this Agreement is unlawful, the Developer shall pay back to the Authority that portion of the payments made to the Developer within 30 days of the determination made by a state agency or the court as the case may be. However, the Developer shall have the right, before any such repayment is made, to appeal on its or the Authority’s behalf, any such determination made by a state agency or court as the case may be. If the Developer is unsuccessful in such an appeal, the Developer shall repay the portion of payments found to be unlawful to the Authority within thirty (30) days of the date when the final determination is made on the appeal. The Developer shall be responsible for payment of all of the City’s and Authority's legal fees associated with any determination of whether a cost for which reimbursement to the Developer is requested constitutes an "Eligible Cost" and all of the City's and Authority's legal fees associated with the review or determination of such issues by any state agency or court.

8.2 Property Tax Appeal: In the event the Developer, or any other owner of real estate on the Property, files an appeal with the Michigan Tax Tribunal, related to the taxable value of parcels of property included in the Brownfield Plan, the Authority shall do the following:
   a. The Authority will hold the Tax Increment Financing Reimbursement payments in a separate account for the Authority until the pending appeal is adjudicated;
   b. Once any tax appeals are adjudicated, the Authority with either return the funds held in escrow to the local unit in compliance with any tax appeal rulings or will make payments pursuant to Section 7 of this Agreement.

8.3 Reduction of Property Assessments: If the Authority (i) incurs Costs on behalf of the Developer with respect to the Project and (ii) the Developer initiates, participates in or supports any proceeding or process which results in a reduction of the tax increment capture for the Project from that projected and along the same term as contained within the Plan, the Developer indemnifies and will fully reimburse the Authority within 30 days of notification from the
Authority as to the amount and the due date for all Eligible Costs as defined within the Plan, expenses or reduction in revenue from what was projected as the tax increment capture.

9. **Responsibilities of Developer.** In consideration of the inclusion of the Property into the Plan and the resulting financial benefits, which it expects to receive, Developer agrees to the following:

9.1 **Project.** At its sole expense, Developer shall use its best efforts to conduct the activities described in the Plan and to rehabilitate the existing building on the Property and complete the Project. The Developer intends to transform the property into two first floor retail suites with eleven (11) residential market rate apartments on the upper floors. The Project is expected to generate a total capital investment of approximately $3.5 million. The redevelopment of the Property shall commence no later than March 15, 2021 and shall be completed no later than December 31, 2022. Under no circumstances shall the Authority have any responsibility or liability for remediation or redevelopment of the Property, or for conducting any "Eligible Activities" at the Property, except for its obligations under this Agreement to provide funds to the extent available as permitted in Paragraph 7 hereof with respect to payments from Tax Increment Revenues.

9.2 **Employment Opportunities.** To make every reasonable effort to work with the City and community employment agencies to hire city residents for new employment opportunities created by the Project, and to encourage the local contracting of employment opportunities through re-entry employment programs. Regardless of Developer’s ability to hire city residents it shall make every reasonable effort to follow, and to cause any contractors hired to perform work on the Project, to follow the City’s “Ex-Offender Purchasing” policy regarding hiring new employees who will work on the Project. A copy of this policy is attached as Exhibit C. and Developer will provide a copy of it to its general contractor prior to performing any work on the Project.

9.3 **Ordinances.** Develop the Property, including landscaping and all other improvements required for the Project, in compliance with all local ordinances, site plan reviews and this Agreement. The redevelopment of the Property shall be subject to all zoning approvals. This Agreement does not obligate any governing municipality to grant any such approvals.

9.4 **Project Sign.** Place on the Property during rehabilitation/redevelopment a development sign provided by the Authority to promote the Project and the Authority’s participation in it. Upon completion of the Project, the sign will be returned to the Authority.

9.5 **Promotion and Marketing.** Permit the Authority to cite or to use any renderings or photographs or other materials of the Project as an example of private/public partnership and brownfield site redevelopment.

9.6 **Cooperation.** Assist and cooperate with the Authority in providing information that the Authority may require in providing necessary reports to governmental or other agencies, including, but not limited to, information regarding the amount of Developer expenditures and capital investments, jobs created, and square footage developed or rehabilitated with respect to the Project.
10. **Responsibilities of the Authority.** In consideration of the preceding commitments of Developer the Authority further agrees to:

10.1 **Agency Contacts.** Provide Developer with appropriate service/employment agency contacts for the identification of City residents to interview for potential employment; and

10.2 **Cooperation.** Cooperate and utilize its best efforts to obtain any governmental approvals required to close the transaction contemplated by this Agreement.

11. **Developer's Representations, Warranties and Covenants.** The Developer hereby makes the following representations, warranties and covenants:

11.1 **Eligible Property.** The Property is "eligible property" as defined in Act 381 and is eligible for the capture of Tax Increment Revenues pursuant to Act 381.

11.2 **Eligible Costs.** The Developer will only submit for reimbursement under Paragraph 7 hereof such costs that it has reasonably determined are "Eligible Costs" within the meaning of Act 381.

11.3 **Due Authorization.** The representatives signing this Agreement are duly authorized by the Developer to enter into this Agreement.

12. **Events of Default.** Each of the following shall constitute an event of default:

12.1 Any representation or warranty made by the Developer in this Agreement proves to have been incorrect or incomplete in any material respect when made or deemed to be made.

12.2 The Developer fails to observe or perform any covenant or agreement contained in this Agreement for 30 days after written notice thereof shall have been given to the Developer by the Authority.

12.3 The Developer abandons or withdraws from the reuse and redevelopment of the Property or indicates its intention to do so.

12.4 The Developer fails to pay any funds within 30 days of the date due which are required to be paid to the Authority pursuant to this Agreement, including but not limited to its real and personal property taxes as set forth in Paragraph 7 hereof.

12.5 The Developer terminates its existence.

12.6 Any material provision of this Agreement shall cease to be valid and binding on the Developer or shall be declared null and void; the validity or enforceability of such provision shall be contested or denied by the Developer; or the Developer denies that it is bound by this Agreement.
13. **Remedies upon Default.** If any event of default as defined above shall occur and be continuing for 30 days after written notice of default is provided to the Developer from the Authority, the Authority shall have the right, but not the obligation, to terminate this Agreement effective immediately upon notice to the Developer.

Following a default by Developer, or following expiration or termination of this Agreement for any reason, Developer shall then be responsible for all subsequent Project costs, including Eligible Costs, without contribution from Tax Increment Revenues collected by the Authority from taxes levied on the Property.

14. **Legislative Authorization.** This Agreement is governed by and subject to the restrictions set forth in the Act. In the event that there is legislation enacted in the future which alters or affects the amount of Tax Increment Revenues subject to capture, Eligible Properties, or Eligible Activities, then the Developer’s rights and the Authority’s obligations under this Agreement may be modified accordingly by agreement of the parties.

15. **Freedom of Information Act.** Developer stipulates that all petitions and documentation submitted by Developer shall be open to the public under the Freedom of Information Act, Act No. 442 of the Public Acts of 1976, MCL 15.231 et seq., and no claim of trade secrets or other privilege or exception to the Freedom of Information Act will be claimed by Developer as it relates to this Agreement or petitions and supporting documentation.

16. **Plan Modification.** The Plan and this Agreement may be modified to the extent allowed under the Act by mutual agreement of the parties.

17. **Notices.** All notices and other communications required or permitted under this Agreement shall be in writing, shall be deemed given when delivered, and shall be sent by personal delivery, overnight courier, or registered mail, return receipt requested, to the following addresses (or any other address that is specified in writing by either party):

   If to Developer:  Attn: Michael Garrett  
   266 MICHIGAN AVE KALAMAZOO LLC,  
   1000 Front Ave. NW  
   Grand Rapids Michigan 49504

   If to the Authority:  City of Kalamazoo Brownfield Redevelopment Authority  
   241 West South Street  
   Kalamazoo, Michigan 49007

   With copy to:  Authority Attorney

18. **Indemnification.** Developer shall defend, indemnify and hold harmless the Authority and the City, and any of their respective past, present and future members, officials, employees, agents or representatives from all losses, demands, claims, judgments, suits, costs and expenses (including without limitation the costs and fees of attorneys or other consultants) arising from or related to (i) the capture and use of Tax Increment Revenue paid to Developer as a reimbursable payment under
this Agreement made in excess of the amount of tax increment revenues the Authority is
determined by the State or court to be allowed by law to use for that reimbursement, and (ii) the
Project.

19. **Governing Law.** This Agreement shall be construed in accordance with and governed by
the laws of the State of Michigan.

20. **Binding Effect/Third Parties.** This Agreement is binding on and shall inure to the benefit
of the parties to this Agreement and their respective successors, but it may not be assigned by any
party without the prior written consent of the other party. The parties do not intend to confer any
benefits on any person, firm, corporation, or other entity which is not party to this Agreement.

21. **Waiver.** No failure of either party to complain of any act or omission on the part of the
other party, no matter how long this same may continue, is considered as a waiver by that party to
any of its rights hereunder. No waiver by either party, expressed or implied, of any breach of any
provision of this Agreement is considered a waiver or a consent to any subsequent breach of this
same or other provision.

22. **Authorization.** Each of the parties represents and warrants to the other that this Agreement
and its execution by the individual on its behalf are authorized by the board of directors or other
governing body of that party.

23. **Entire Agreement.** This Agreement supersedes all agreements previously made between
the parties relating to the subject matter. There are no other understandings or agreements between
them.

24. **Headings.** Headings in this Agreement are for convenience only and shall not be used to
interpret or construe its provisions.

25. **Definitions.** The following capitalized terms are used in this Agreement with the
following meanings:

- "Administrative Costs" means the Authority's out-of-pocket costs associated with the
  Project (including reasonable attorney fees and costs, environmental consulting fees and
costs, and similar fees and costs) as well as the Authority's indirect costs associated with
the Project (including allocation of the fixed costs of the Authority staff.)
- “Brownfield Plan” is defined by Section 2(e) of Act 381;
- “Due Care Activities” is defined by Section 2(m) of Act 381;
- “Eligible Activities” is defined by Section 2(o) of Act 381;
- “Eligible Property or Properties” is defined by Section 2(p) Act 381;
- “Tax Increment Revenues” is defined by Section 2(ss) of Act 381, and, for purposes of
  this Agreement, includes school taxes and local (non-school) taxes.
In witness of their intent to be legally bound by the terms of this Agreement, each of the parties has set forth its signature below by its duly authorized representative.

CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY

By

Title Board Chair

Date 11/20/2020

286 MICHIGAN AVE KALAMAZOO LLC

By Matt O'Connor

Title Manager

Date 11/18/2020

EXHIBITS:

A (Legal Description of Property)

B (Copy of Brownfield Plan)

C (Copy of Ex-Offender Policy)
Attachment D

Verification of Qualifying Status
AFFIDAVIT OF CITY OF KALAMAZOO ASSESSOR

I, Aaron P. Powers, being duly sworn, states that if called upon will testify to the following facts:

1. I am employed by the City of Kalamazoo in the Management Services Department as the City Assessor.
2. I am a certified Michigan Master Assessing Officer (4).
3. I am familiar with the property located at 266 E. Michigan Avenue, in the City of Kalamazoo.
4. This affidavit is given in accordance with MCL 125.2663(1) (h) and is made to confirm this property qualifies as 'Functionally Obsolete Property' as that term is defined under MCL 125.2652(r). The following facts, without limitation, form the basis for my expert opinion:
5. The property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

Aaron P. Powers, City Assessor

Subscribed and sworn to before me by Aaron Powers on August 18, 2020.

Robin Moore, Notary Public
Wayne County, Michigan
Commission Expires: May 29, 2021
Acting in Kalamazoo County

Prepared by:
Aaron P. Powers (R-6884)
City Assessor
241 West South Street
Kalamazoo, MI 49008
(269) 337-8011