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TO: Barbara Levin Bergman  
Chair, Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Anthony VanDerworp, Director  
Department of Planning and Environment

DATE: August 6, 2008

SUBJECT: Renewing the County's Full Faith and Credit Pledge as a Guarantee  
for a \$300,000 Clean Michigan Initiative Brownfield Redevelopment  
Loan for the City of Ann Arbor's "Broadway Village at Lower Town"  
Brownfield Redevelopment Project

**BOARD ACTION REQUESTED:**

It is requested that the Washtenaw County Board of Commissioners renew the County's Full Faith and Credit as a Guarantee for a \$300,000 CMI Brownfield Redevelopment Loan (BRL) for the City of Ann Arbor's "Broadway Village at Lower Town" Brownfield Redevelopment Project. The Washtenaw County Board of Commissioners originally adopted a resolution to use the County's Full Faith and Credit Pledge on November 16, 2005.

**BACKGROUND:**

In May of 1999, the Washtenaw County Board of Commissioners established the Washtenaw County Brownfield Redevelopment Authority (WCBRA) through Resolution 99-0110, and subsequently appointed members to its Board that same year (Res. 99-0122). In February 2000, the Commissioners approved the bylaws of the WCBRA (Res. 00-0035); and in October of 2000, the Commissioners adopted the Brownfield Plan for Washtenaw County (Res. 00-0215).

Pursuant to the goals of the Washtenaw Brownfield Redevelopment initiative, the Washtenaw County Board of Commissioners approved Resolution No. 03-0247 to adopt an amendment to the Brownfield Plan for Washtenaw County approving tax increment financing incentives for the City of Ann Arbor's "Broadway Village at Lower Town" Brownfield Redevelopment Project. Additionally, on December 1, 2004, the Commissioners approved ratifying the County Administrator's signature on an application to the State of Michigan Department of Environmental Quality's "Clean Michigan Initiative (CMI)" program for a \$1 Million Brownfield Redevelopment Grant and Loan Application (Res. 04-0241). On November 16, 2005 the County pledged its Full Faith and Credit as a Guarantee for the CMI Loan (Res. 05-0215) as a condition of utilizing the grant/loan award from the State of Michigan CMI program.

**DISCUSSION:**

This project has been delayed due in large part to financing complications and the current economic environment.

The developer has been diligently pursuing all avenues to secure financing. On June 25, 2008 the Michigan Strategic Fund (MSF) Board passed an Inducement Resolution providing preliminary approval to provide bond financing for the TIF portion of the project for \$40 million once construction is complete. This financing strategy could save taxpayers approximately \$22 million in interest payments and provides a guarantee to the private lending institutions for the remaining financing of this project. In addition, the developer also received Michigan Economic Growth Authority approval of economic incentives for another project in East Lansing. The developer believes the MSF bond and packaging two large projects together will result in securing financing for the "Broadway Village at Lower Town" Brownfield Redevelopment Project.

Due to the recent progress toward securing financing, the County has requested and received another 6 month extension of the CMI grant and has requested the CMI Loan contract be re-issued due to the CMI Loan offering a 5 year window of no payments or interest. A new contract would reset this window of no payment or interest to 2008 and allow enough time for the project to be built (18 month build-out) and TIF revenue to be generated for repayment of the loan. If the contract was not re-issued, repayment would begin in 2010 before a significant amount of TIF revenue would be generated. In order to re-issue a new CMI Loan, the Michigan Department of Environmental Quality has requested the Washtenaw County Board of Commissioners renew the County's Full Faith and Credit Pledge.

The amendment to the Brownfield Plan for this project provides TIF in the amount of \$40 million, of which \$300,000 will be used to repay the CMI Loan. Additionally, as further guarantee, the Washtenaw County Brownfield Redevelopment Authority (WCBRA) is requiring an "Irrevocable Letter of Credit" from the Developer in the amount of \$300,000 be in place before any of the loan funds are expended on environmental remediation activities at the site. The WCBRA will not release the Letter of Credit until such time that the project is completed and TIF funds are in place.

**IMPACT ON PERSONNEL:**

No impacts are indicated for this resolution

**IMPACT ON BUDGET:**

It is not expected to have any impact on the budget as there are two other guarantees in place to pay for the \$300,000 CMI Loan.

**IMPACT ON INDIRECT COSTS:**

There will be no impact on indirect costs.

**IMPACT ON OTHER COUNTY DEPARTMENTS OR OUTSIDE AGENCIES:**

Guiding Principle No. 7 – This project will allow the City of Ann Arbor (who has joined the WCBRA to be included in the redevelopment zone) and the County to partner together in pursuing sustainable land use practices by remediating and putting back to productive use environmentally distressed areas.

**CONFORMITY TO COUNTY POLICIES:**

This action is in conformance with County policies.

**ATTACHMENTS/APPENDICES:**

<u>Attachment A</u>	Resolution to Use the County's Full Faith and Credit as a Guarantee for a \$300,000 CMI Loan Award for the City of Ann Arbor's "Broadway Village at Lower Town" Brownfield Redevelopment Project.
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Attachment B

A Copy of the Original Resolution to Use the County's Full Faith and Credit as a Guarantee for a \$300,000 CMI Loan award for the City of Ann Arbor's "Broadway Village at Lower Town" Brownfield Redevelopment Project, Adopted on November 16, 2005.

A RESOLUTION TO PLEDGE THE COUNTY'S FULL FAITH AND CREDIT AS A GUARANTEE FOR A \$300,000 CMI LOAN FOR THE CITY OF ANN ARBOR'S "BROADWAY VILLAGE AT LOWERTOWN" BROWNFIELD REDEVELOPMENT PROJECT

WASHTENAW COUNTY BOARD OF COMMISSIONERS

August 6, 2008

WHEREAS, Washtenaw County has committed to collaborating with other governmental units and providing leadership for long term county-wide sustainable development and redevelopment incorporating a diversified economy, environmental protection, and social needs; and

WHEREAS, brownfield redevelopment encourages more efficient use of the land that will provide for sustainable growth, protect valued natural resources, preserve important agricultural and open space lands, while also encouraging growth and economic revitalization on environmentally distressed sites designated as brownfields; and

WHEREAS, through Resolution 99-0110, the Washtenaw County Board of Commissioners, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended, established the Washtenaw County Brownfield Redevelopment Authority (the "WCBRA") to facilitate the implementation of plans relating to the identification and treatment of environmentally distressed areas in Washtenaw County; and

WHEREAS, through Resolution 00-0215, the Washtenaw County Board of Commissioners adopted the Brownfield Plan for Washtenaw County (the "Plan"); and

WHEREAS, through Resolution 03-0247, the Washtenaw County Board of Commissioners approved an amendment to the Plan for the City of Ann Arbor's "Broadway Village at Lower Town" Brownfield Redevelopment Project.

WHEREAS, through Resolution 04-0241 the Washtenaw County Board of Commissioners approved ratifying the County Administrator's signature on an application to the State of Michigan Department of Environmental Quality's "Clean Michigan Initiative (CMI)" program for a \$1 million Brownfield Redevelopment Grant and Loan.

WHEREAS this matter has been reviewed by the Finance Department, Corporation Counsel, Human Resources, County Administrator's Office and the Ways and Means Committee.

WHEREAS, the State of Michigan awarded a \$700,000 CMI Brownfield Redevelopment Grant (BRG) and \$300,000 CMI Brownfield Redevelopment Loan (BRL) in 2005 and through Resolution 05-0215 the County pledged its Full Faith and Credit as a Guarantee for the CMI BRL.

WHEREAS, the County must renew its Full Faith and Credit pledge in order to re-issue a new CMI BRL contract. The Amendment to the Plan for this project provides for Tax Increment Financing (TIF) in the amount of \$40 million, of which \$300,000 will be used to repay the CMI Loan. Additionally, as further guarantee, the Washtenaw County Brownfield Redevelopment Authority (WCBRA) is requiring an "Irrevocable Letter of Credit" from the Developer in the amount of the CMI Loan.

NOW THEREFORE BE IT RESOLVED, that the Washtenaw County Board of Commissioners renews its approval of the use of the County's Full Faith & Credit to guarantee the \$300,000

CMI Brownfield Redevelopment Loan portion of the award, recognizing that the amendment to the Plan for this project provides for Tax Increment Financing (TIF) in the amount of \$40 million, of which \$300,000 will be used to repay the CMI Loan.

BE IT FURTHER RESOLVED THAT, as further guarantee, the Washtenaw County Brownfield Redevelopment Authority (WCBRA) will require an "Irrevocable Letter of Credit" from the Developer in the amount of the CMI Loan to be in place before any of the CMI Loan funds are expended on cleanup of the site, and that the WCBRA will not release the Letter of Credit until such time that the project is completed and the TIF funds are in place.