

MICHIGAN ECONOMIC GROWTH AUTHORITY

Resolution 2008-187

**MEGA Brownfield Interest Policy
Brownfield Redevelopment Program**

WHEREAS, the 1995 PA 24, as amended, authorizes the Board of the Michigan Economic Growth Authority (“MEGA”) to approve the capture of school operating taxes and work plans as provided in section 13 and 15 of the Brownfield Redevelopment Financing Act, 1996, PA 381, as amended;

WHEREAS, when approving work plan projects for school tax capture, the MEGA Board, pursuant to the guidelines set forth in the “Transformational Interest Policy”, permitted some reimbursement of interest on eligible activities approved in a work plan by MEGA;

WHEREAS, in an effort to continue to promote the redevelopment of contaminated, blighted and functionally obsolete properties and to provide additional financial assistance in eliminating the brownfield conditions on these properties, the MEGA Board desires to consider revising the Transformational Interest Policy; and

WHEREAS, MEGA staff recommends that the MEGA Board eliminate the Transformational Interest Policy and replace it with a new “MEGA Brownfield Interest Policy”, which revises the parameters for permitting reimbursement of interest incurred in connection with Eligible Activities approved locally in a Brownfield Plan and by the MEGA in a work plan .

NOW, THEREFORE, BE IT RESOLVED, that the MEGA Board eliminates the Transformational Interest Policy and adopts the new MEGA Brownfield Interest Policy, attached to this Resolution as Attachment A.

Adopted.

Ayes: Douglas Buckler; Susan Corbin (acting on behalf of Stanley “Skip” Pruss, authorization attached); James Epolito; Baldomero Garcia; Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached); Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

Nays:

Recused:

Lansing, MI
December 15, 2008

ATTACHMENT A

MEGA BROWNFIELD INTEREST POLICY

Interest will be strongly considered for the following projects:

- Projects where the local brownfield redevelopment authority and municipality have clearly supported and identified interest in the brownfield plan and work plan. This should include an estimated amount of interest.
- Projects that meet the redevelopment priorities of the MEGA (promote strong urban communities, increase density, sustainable redevelopment, create base jobs, assist in revitalization of urban areas, cleanup severely contaminated properties);
- Projects which are supported through local bonds will be supported with interest in almost all circumstances;

Interest will only be supported with the following conditions, unless otherwise provided for by the MEGA Board:

- Interest will be reimbursed at an amount not to exceed 5%.
- Interest will be reimbursed based on a simple interest calculation that is based on Eligible Activities being supported by MEGA. Actual interest costs may be higher due to compounding interest; however, MEGA interest will be limited to a simple interest calculation based on Eligible Activities supported by MEGA.
- Interest will not be paid on the reasonable costs of developing a Brownfield Plan or Work Plan or on the costs of MEGA Work Plan Review.
- For projects supported with interest, MEGA will, in most cases, not limit the Eligible Activities on which interest is calculated.

This new policy will become effective for project approved after January 1, 2009 and will be implemented with the understanding that a review of the policy will occur at the end of 2009.