

**CITY OF PORTAGE
BROWNFIELD REDEVELOPMENT AUTHORITY
Board Meeting**

AGENDA

Thursday, June 5, 2025

CALL TO ORDER:

8:00 a.m., Portage City Hall, Conference Room 1, 7900 South Westnedge Avenue, Portage MI, 49002

INTRODUCTIONS AND REVIEW OF AGENDA

APPROVAL OF MINUTES:

1. April 8, 2025 *

OLD BUSINESS:

1. none

NEW BUSINESS:

1. City of Portage Act 381 Brownfield Plan Amendment #15 – “McConley Cove”, 1075 Bacon Ave. *

STAFF REPORT: Education Session – Housing Brownfields

STATEMENT OF CITIZENS:

ADJOURNMENT:

MATERIALS TRANSMITTED

Star (*) indicates printed material within the agenda packet.

CITY OF PORTAGE BROWNFIELD REDEVELOPMENT AUTHORITY

Tuesday, April 8, 2025

8:00 AM

**Portage City Hall, Conference Room 1
7900 S. Westnedge Ave, Portage MI 49002**

The City of Portage Brownfield Redevelopment Authority meeting of April 8, 2025, was called to order by Chair Lewandowski at 8:03 am.

In Attendance

Board: Chair Keith Lewandowski (yes), Vice Chair Eric Alburtus (8:07), Secretary/Treasurer William Lenehan (no), Todd Campbell (yes), Bradley Galin (yes), Karen Gallagher (excused), John Herberg (yes), Michelle Karpinski (yes).

Staff: Peter Dame, Chief Development Officer; Andrew Falkenberg, Deputy Assessor; Jonathon Hallberg, Deputy Director of Economic Development; Grant Taylor, Deputy Director of Treasury.

Guests: Rick Freiman, Planning Commissioner; David Stegink, Fishbeck Environmental.

Introductions

Introduction of Authority members, staff, and guests was conducted. The board also reviewed the agenda.

Approval of Minutes

Motion by Campbell, seconded by Galin, to approve the BRA Meeting Minutes of February 27, 2025, as submitted.

Motion carried, 6-0.

Staff Report – Taylor and Hallberg outlined the draft Fiscal Year 2025-2026 Brownfield Redevelopment Authority Fund Budget (Fund 243), the Local Brownfield Revolving Fund Budget (Fund 242), and the roster of the current fiscal year Brownfield TIF capture along with a forecast of the anticipated capture for Fiscal Year 2025-2026 with those present. Staff answered questions about why the summer tax collection is generally larger than the winter tax collection. Staff also outlined how Tall Timbers represented a turning point in state participation for capture of TIF for housing-related projects and was a forerunner to sweeping changes in Brownfield statute through P.A. 90 of 2023 to add focus to housing-related projects.

Old Business – Lewandowski requested a brief review of progress with the most recent brownfield plan approval and any news about other progress with brownfield projects in Portage. Hallberg shared that Allen Edwin Homes began site clearance at Oakland Commons the day after Portage City Council approved their Brownfield Plan for Oakland Commons and Creekside Commons. Hallberg also mentioned the upcoming Ribbon Cutting for Tall Timbers by AVB, to

be held on June 11, 2025. Finally, he stated TST of Portage LLC has a new tenant at their project at 5870 S. Sprinkle Rd, Kal Blue Printing, and that the owners are about to begin further work at 5960 S. Sprinkle for the expansion needed to accommodate Depatie Fluid Power.

New Business

1. *City of Portage Act 381 Brownfield Plan – “Stanwood Crossings”, 9617 Portage Rd.*

Hallberg summarized the contents of the memorandum pertaining to the City of Portage Stanwood Crossings Act 381 Brownfield Plan, TIF Projections, and Draft Development & Reimbursement Agreement. He indicated that the project is complex and unique for the Portage BRA Board because it is their first project that the City of Portage is applying for as the developer, in partnership with AVB as their development consultant. As with the February MSHDA Housing TIF application, the project has additional eligible expenses not typically seen in Brownfield applications, which related to housing income subsidies and infrastructure on private property, such as landscaping and driveways. He said it is also unique because it consists of all owner-occupied homes that will be available to middle-income households earning between 80-120% of the Area Median Income using a Community Land Trust Model to preserve attainable housing prices in perpetuity.

Hallberg explained the development would result in 42 single family homes utilizing four different floor plans; two ranch-style two-bedroom, 1.5 bath, plans and two two-story three-bedroom, two-bath, plans. They expect construction of 12 ranch units at 1206 square feet, nine ranch units at 1353 square feet, 12 two-story units at 1504 square feet, and nine two-story units at 1696 square feet. Buyer households will be income qualified as between 80% - 120% of Area Median Income (AMI) for Kalamazoo County. All 42 units at Stanwood Crossings will be constructed on land which will be owned by the Portage Community Land Trust on a long-term ground lease. The total estimated cost of the investment is \$18,659,618.

Hallberg went through the Brownfield Plan step-by-step. He outlined the list of eligible expenses and how the TIF capture tables were separate for both land and buildings because the land is owned by the Community Land Trust and does not receive the Primary Residence Exemption (PRE).

Hallberg shared the Affordable Housing Financing Gap funding is necessary because the homes cost an average of +/- \$320,000 to build but will be sold for 75% of that amount, resulting in an almost \$80,000 loss per home. Galin requested more information on the Affordable Housing Financing Gap clause's mention of coverage of “deferred maintenance”. Hallberg shared that the homes are eligible for re-sale to subsequent homebuyers with the caveat that, if the seller has deferred maintenance in a material way, the proceeds of the sale would be used to address the maintenance issue. However, if there are not enough proceeds from the sale, if there was a foreclosure, or if there was some other unforeseen issue, the

Brownfield Plan has a built-in safeguard to allow for the use of Brownfield TIF Capture to recover that financial loss and ensure the home is livable. Dame explained that a formula to ensure affordability yet still generate a proportionate profit for a seller has been established, based upon the proportionate inflationary increase in the income category of the seller during the year of sale. He also explained that certain improvements on the property are available for cost recovery at resale depending on whether it fits into one of two percentage categories of improvement, even for certain maintenance items like roof replacement, as long as it was done within five years of resale.

Karpinski asked how the property taxes are paid on the land. Hallberg shared that the costs will be part of the ground lease fee that the homeowner pays, along with modest administrative costs and minor maintenance allowance for the mailbox station.

Hallberg reminded the BRA Board that the plan was created in a way that maximizes flexibility of financial coverage for the development, in the event problems occur with any of the grant funding sources being utilized. He shared there are significantly more eligible expenses than there is in anticipated TIF capture revenue, but also that the amount of capture revenue required to reimburse the City for development and home building costs is not likely to require the full 25 years. His review anticipated 18 years in a perfectly-implemented scenario based upon the estimates provided by both AVB and Fishbeck. Lewandowski sought confirmation that the scenario was modeled to include the grant sources as well and Hallberg confirmed this. Dame and Hallberg outlined the cycles of development the City would undertake, and how the City would make periodic draws from different grant funding sources on a reimbursement basis, as well as be reimbursed through home sale proceeds. But there would still be residual costs that the Capital Improvement Plan would have to be reimbursed for, which is why the Brownfield TIF was so important.

Hallberg and Stegink outlined the draft development agreement and reimbursement agreement, sharing that it relies on the Brownfield Plan as the guiding document for implementation, including for eligible expense determination. They shared that it has been simplified to only the primary required elements, general legal protections, and items such as standard submission procedures of reimbursement requests for eligible expenses, among other general protections. Hallberg clarified that the limits of capture of eligible expenses is 25 years, not a dollar amount per se.

Herberg asked about recessionary scenarios where, perhaps 30% of the units were foreclosed on during an economic downturn. Hallberg and others speculated on possible pivot strategies such as considering a lease structure of unoccupied properties until the market recovered. Dame shared that, if the development had not been finished, the City had the option to delay construction of the remaining units. There was consensus that, while modeling dire scenarios would be instructive, there are several that the City cannot prepare for, such as national recessions and the Brownfield Plan's current structure did represent a significant safeguard.

Motion by Campbell, seconded by Herberg, to approve the Act 381 Brownfield Plan and application by the City of Portage for “Stanwood Crossings”, 9617 Portage Rd, to recommend Portage City Council approval of Brownfield Plan Amendment 14 by resolution at their next appropriate meeting, and to authorize the BRA Board Chair to finalize and execute a Development Agreement and Reimbursement Agreement in support of the Plan.

Motion carried, 6-0.

Statements of Citizens: None.

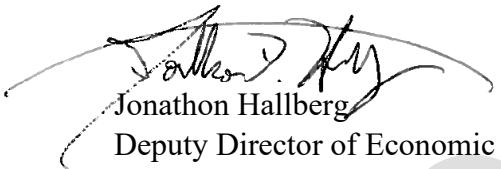
Adjournment:

Motion by Galin, seconded by Campbell, to adjourn.

Motion carried, 6-0.

The meeting was adjourned at 9:21 am.

Respectfully submitted,


Jonathon Hallberg
Deputy Director of Economic Development



Department of Community Development

June 2, 2025

To: City of Portage Brownfield Redevelopment Authority

FROM: Jonathon Hallberg, Deputy Director of Economic Development

SUBJECT: City of Portage Act 381 Brownfield Plan Amendment #15 – “McConley Cove”, 1075 Bacon Ave.

I. INTRODUCTION:

The [Brownfield Redevelopment Financing Act \(PA 381 of 1996, as amended\)](#) ("Act") allows a city, village, township or county to establish a Brownfield Redevelopment Program for the purposes of facilitating the reuse of contaminated, blighted, or functionally obsolete properties; historic resources; land bank properties; properties in targeted redevelopment areas, housing properties; and parcels that are adjacent and contiguous with qualified properties.

Per the resolution adopted by the City Council in July 2001, the City of Portage Brownfield Redevelopment Program was established to facilitate reuse of environmentally distressed, functionally obsolete, and/or blighted buildings and property in the community. This economic development program is intended to place vacant and/or underutilized/blighted properties back into productive use, fostering reinvestment in the city and, also, discouraging sprawl development.

AVD II, LLC, d.b.a. American Village Builders, has submitted a brownfield plan for a single-family site condominium development on 15.85 acres at 1075 Bacon Ave. called “McConley Cove”. The Developer intends to redevelop and improve the Property by establishing 54 condominium lots for construction of owner-occupied single-family homes by affiliate entity, AVB, LLC. Costs to AVD II, LLC, for construction of the infrastructure and site preparation are \$3,815,391. AVB, LLC, will follow and build based upon market absorption, which they hope will be between six and eight years. However, they have provided a more conservative estimated absorption rate of +/- five homes per year, with a general estimate of total capital investment of +/- \$30,000,000 over 10 years.

McConley Cove will be a built-to-suit community offering eight floor plans and several option packages for one- and two-story homes. Sale price for these homes in present dollars can range anywhere from \$450,000 to \$650,000. The homes will be an average of 1750 square feet, plus basement. All homes will be priced at market rate and dependent on market performance for the anticipated return. The applicant has secured rezoning to PD – Planned Development.

As discussed below, the McConley Cove Brownfield Redevelopment Plan Application is eligible for tax incremental financing under the Act.

II. PROPOSED BROWNFIELD REDEVELOPMENT PLAN

Attached is a copy of the McConley Cove Act 381 Brownfield Plan and application. The plan outlines various eligible site preparation, infrastructure improvements, and contingency costs. As this is an infrastructure-only housing TIF application, no housing subsidy financing gap costs are



included. The property is eligible under the Act because of being defined as a “Housing Property.” Eligible activities proposed to be funded through local tax reimbursement include the following:

Michigan State Housing Development Authority (MSHDA) and Local Tax Capture Eligible Activities

- Infrastructure Improvements Necessary for Housing: construction of stormwater retention systems, sanitary sewer and water main construction, gas and electric infrastructure, sidewalk development, landscaping, and roads. Engineering and design of these activities are also included as eligible activities. The total cost is anticipated to be \$2,708,166.
- Contingency of 15%; estimated at \$406,225.
- Brownfield Plan/Act 381 Work Plan Preparation, Implementation, and Application Fee, estimated at \$23,815.
- Interest of 3.5% on unreimbursed eligible expenses, estimated at \$156,294.

The Applicant seeks reimbursement for eligible activities through capture of both local and school tax dollars:

1. Specifically, the Applicant anticipates reimbursement of \$329,789 over 12 years based on a 2.0% inflation rate from school tax increment revenues for costs associated with the MSHDA Eligible Activities above, including: housing-specific infrastructure, water and sewer mains, stormwater management facility, site preparation, and brownfield/Act 381 work plan expenses. Therefore, the Applicant is preparing an Act 381 Work Plan for approval by the Michigan State Housing Development Authority (MSHDA).
2. In addition, the Act 381 Brownfield Plan anticipates capture of \$636,364 for Authority administrative cost, \$329,789 for the State Brownfield Redevelopment Fund, and \$2,762,565 for the Local Brownfield Revolving Fund.
3. As shown in Table 1 (Eligible Activity Costs) in the Plan, the estimated cost to complete all eligible activities, including a 15% contingency (\$406,225), and estimated interest of 3.5% on unpaid balances (\$156,294) is \$3,294,501.
4. The base year taxable value for purposes of capture of Tax Increment Revenue (TIR) is proposed to be 2027.

Consistent with the [City of Portage Brownfield Redevelopment Incentive Policy](#) and state statute, capture of tax increment revenue for reimbursement of eligible expenses would be limited to 25 years (including projected capture of tax increment revenue for the Local Brownfield Revolving Fund, which occurs after year 20 of the Plan). The applicant is requesting a 17-year Brownfield Plan, including an interest allowance. Capture of tax increment revenue for the LBRF would begin in year 13 and would involve five full years of capture after the developer reimbursement period.

III. CONCLUSION:

The City of Portage’s Brownfield Redevelopment Plan Application is eligible for tax incremental financing under the Act. In accordance with the [City of Portage Brownfield Redevelopment](#)

Incentive Policy ("Policy") and State Statute, the project would conditionally be eligible for up to a 20-year TIF capture period for reimbursement of Eligible Expenses to the Applicant and would also eligible for consideration of annual simple interest reimbursement at up to 3.5%.

AVD II, LLC, has requested 12 years of TIF capture, plus the interest allowance, based upon fulfillment of three (3) investment criteria under the Policy.

- 1) AVD II, LLC, is extending sidewalks north of the development off-site to connect with sidewalks to the north at the request of the City, which qualifies for one investment criterion.
- 2) An applicant that generates \$10 million in taxable value has met one investment criterion. If they generate \$15 million, they are granted two investment criteria points. AVD II, LLC, indicates that an affiliate company (AVB, LLC) is the planned developer of the 54 homes, to be built over several years, which are projected to generate more than \$15 million in taxable value. Because AVD II, LLC, is only involved in site preparation and infrastructure development at the project, they are not directly responsible for the potential increase in taxable value. Having conferred with the applicant, staff recommends the following:
 - a) The allowance of interest shall be contingent upon an affiliate company of AVD II, LLC, constructing all the homes within 10 years of the start of the TIF Capture period homes, and
 - b) The combined taxable value increase of each home, at the time of certificate of occupancy issuance, totals \$15 million, and excludes inflation in the taxable value for the years between completion and the end of the ten-year term.

Notwithstanding the above, approval of any Brownfield Redevelopment Plan Application is discretionary, and the ultimate decision to approve, or deny, an application lies with the Brownfield Redevelopment Authority ("Authority"). MCL § 125.2657. Though each plan is unique, the Authority should generally consider the following when evaluating each plan:

- **Meeting Goals of City of Portage Plans** (primarily City of Portage Comprehensive Plan, City of Portage Housing Needs Assessment and/or Market Analysis, or City of Portage Attainable Housing Plan of 2022)
- **Job Creation** (quality of the jobs created by a plan, generally for non-housing applications)
- **Investment** (how much it will cost to implement a plan)
- **Location** (whether a plan is in a blighted area where the Authority seeks redevelopment, and whether the proposed use is consistent with zoning and urban planning)
- **Project Type** (whether the plan is a project that the city wants to encourage in the community).

Along with the above considerations, the City of Portage Brownfield Redevelopment Incentive Policy ("Policy") lists a number of factors for the Authority to consider. While this is a City of Portage project, the City Council generally uses the following criteria when reviewing applications:

- The financial incentives to be provided for the plan will not result in the impairment of the operation or the financial soundness of any affective taxing unit.

- A public purpose will be served (expanded tax base, additional employment, income and capital investment in the community).
- The plan will provide for an expansion of the employment base in the community.
- The plan's proposed facilities will be compatible with the present and future requirements. for city services such as roads, utilities, and public safety.
- The applicant meets current financial obligations to the city, is in compliance with all applicable state and city codes and ordinances and has no pending or current litigation against the City.
- That the project pro forma, financial structure and financing commitments justify the project need and financial viability.
- That the applicant will actively pursue State of Michigan funding through an Act 381 Work Plan and will collaborate with the Community Development Department throughout the application process.
- That the requested level of incentive is commensurate with the number of Investment Criteria met within the Policy.

IV. RECOMMENDATION:

In accordance with the Policy, the applicant has requested, and the application qualifies for, a Brownfield of up to 12 years for purposes of reimbursement of Eligible Expenses along with an additional five-year capture period contributing to the Local Brownfield Revolving Fund, with the allowance of interest conditioned upon 1) an affiliate company of AVD II, LLC, constructing all the homes within 10 years of the start of the TIF Capture period homes and 2) the combined taxable value increase of the homes, at the time of each certificate of occupancy issuance equaling a total of \$15 million, excluding any inflation in the taxable value for the years between completion and the end of the ten-year term. Otherwise, the reimbursement of interest as an Eligible Cost will become ineligible. If the combined taxable value increase of the homes, at the time of each certificate of occupancy issuance does not equal a total of \$10 million, excluding any inflation in the taxable value for the years between completion and the end of the ten-year term, the Brownfield will be limited to 10 years for reimbursement of Eligible Expenses, along with an additional five-year capture period contributing to the Local Brownfield Revolving Fund. It is recommended that the Authority also condition approval of any application upon the execution of a mutually agreed upon development and reimbursement agreement. The Authority will review the subject Brownfield Redevelopment Plan application and related documents and develop a recommendation that will be forwarded to City Council through a formal vote by the Authority.

Attachments:

McConley Cove Act 381 Brownfield Plan (Appendix D – County Housing Study, removed for file space; available online [HERE](#)).
McConley Cove Brownfield Application
Draft Development and Reimbursement Agreement

ACT 381 BROWNFIELD PLAN

**American Village Development II, LLC
1075 Bacon Avenue
Kalamazoo County, City of Portage
City of Portage Brownfield Redevelopment Authority**

May 27, 2025



Prepared by
Michigan Growth Advisors
100 W Michigan Avenue
Suite #200
Kalamazoo, MI 49007

Approved by the Brownfield Redevelopment Authority on _____

Approved by the City of Portage on _____

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- Attachment D Housing Study

ACT 381 BROWNFIELD PLAN

1.0 INTRODUCTION

1.1 **Proposed Redevelopment and Future Use for Each Eligible Property**

The proposed redevelopment consists of one vacant parcel totaling approximately 15.85 acres in the City of Portage. The project will involve preparing the site as the McConley Cove subdivision, in preparation for the development of 54 housing units in the subdivision. The project includes the development of a road, utility mains, and other infrastructure to accommodate single family home development. The development of the site is expected to include McConley Cove Way, which will connect through the property to the existing Chaucer Avenue to the South and Gulf Breeze Road to the North. McConley Cove Way will have two branching cul-de-sacs to the East and West to reach the future residential lots. The proposed street names are Aberlour Court at the Northern end of the property and Teeling Trail on the Southern end of the property.

The total capital investment is expected to be approximately \$3.8 million. Construction on the project is planned to begin in the summer of 2025 and will be completed in summer of 2026.

1.2 **Identification of Housing Need**

Specific Housing Need

The Kalamazoo County Housing Plan prepared by the Upjohn Institute in 2022 identified that the county required 7,750 new housing units in order to appropriately house the growth anticipated in the county. Survey results from the Kalamazoo County Housing Plan indicate that the vast majority of residents prefer single family homes, however the current supply of single-family homes does not reflect this preference in the region. Additionally, according to the "Portage-East" section of the Partnership J Housing Data included in the Statewide Housing Plan, approximately 50.3% of the existing housing stock was built before 1970 in this area. The for-sale vacancy rate in this area was 0.4% and the for-rent vacancy rate in this area was 0.9%, indicating an aging and very tight housing supply.

Job Growth Data

Southwest Michigan First, the economic development organization serving the 7-county region of Southwest Michigan, has announced 4,666 new jobs to the region between 2021 to 2023. This includes significant investment and job creation in Kalamazoo County and the City of Portage, including Pfizer Global Supply's 2022 announcement of a \$870M expansion which is expected to create 550 jobs, and Midwest Fasteners, which announced a \$10.4M expansion that will create and retain 124 jobs in Portage. The region is undergoing significant corporate investment that will require new employees in the region. Based on the specific housing need and job growth data in the area, the absorption of these new residential units is expected

to be accelerated.

1.3 Eligible Property Information

Basis of Eligibility

Section 2(y)(i) of Public Act 381 of 1996 ("Act 381"), as amended, defines "Housing Property" as "A property on which 1 or more units of residential housing are proposed to be constructed, rehabilitated, or otherwise designated to be used as a dwelling." The development proposes 54 housing units on Parcel #10-00027-150-B, thus this parcel is eligible property under Act 381.

Location and Legal Description

1075 Bacon Avenue Parcel ID: 10-00027-150-B 15.85 Acres
Portage, MI 49002

Legal Description:

SEC 27 T3S R11W PART SE1/4 COM 660 FT N OF SW COR THEREOF N 1023 FT E 993.67 FT S 643 FT E 338 FT S 120 FT S89DEG 47'00"W 356.14 FT S62DEG 14'56"W 312.26 FT S74DEG 38'51"W 84.99 FT S15DEG 21'09"E 127.89 FT S89DEG 47'00"W 120 FT S00DEG 16'50"E 120 FT S89DEG 47'00"W 41 FT S00DEG 16'50"E 180 FT S89DEG 47'00"W 279 FT M/L TO PT 209.67 FT E OF N & S 1/4 LINE N 330 FT W 209.67 FT TO BEG EXC THAT PART PLATTED TO THE PINES NO. 2

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 American Village Development II, LLC ("Developer") for the cost of eligible activities as authorized by Act 381. Michigan State Housing Development Authority ("MSHDA") approved non-environmental eligible activities will be reimbursed with local and school tax increment revenues ("TIR"). All of the housing property for which housing development activities are identified under this Plan will be sold or rented at market rate and will not be subsidized, therefore, reimbursement of these costs are statutorily approved for reimbursement with school taxes pursuant to Section 13b(4) of Act 381.

The total cost of eligible activities in this Brownfield Plan including contingency are anticipated to be \$3,138,206. Simple interest on unreimbursed eligible activities is also included as an eligible activity at 3.5%. Funding to the State Brownfield Redevelopment Fund is anticipated to be \$329,789. The estimated cost of all eligible activities under this plan are summarized in Table 1.

Environmental Activities

This Plan does not contemplate department specific activities.

Non-Environmental Activities

Because the basis of property eligibility is "Housing Property" under Public Act 381, additional non-environmental costs can be reimbursed through a brownfield plan. This plan provides for reimbursement of eligible "housing development activities" including infrastructure activities that are necessary for new housing development on eligible property.

2.2 Summary of Eligible Activities

2.2..1 Infrastructure

Infrastructure activities will include the construction of stormwater retention systems, sanitary sewer and water main construction, gas and electric infrastructure, sidewalk development, landscaping, and roads. Engineering and design of these activities are also included as eligible activities. The total cost of these infrastructure activities is anticipated to be \$2,708,166.

2.2..2 Interest

Financing costs for the project are considered an eligible activity. This plan allows for 3.5% interest rate on the developer's unreimbursed eligible activities.

2.2..3 Contingency

A 15% contingency is included as an eligible activity. The contingency is estimated to be \$406,225.

2.2..4 Brownfield Plan Preparation

The cost to prepare the Brownfield Plan is anticipated to be \$15,000.

2.2..5 Brownfield Plan Application Fee

The cost to apply for the Brownfield Plan is included as an eligible activity and is estimated to cost \$3,815.

2.2..6 Brownfield Plan Implementation

The cost of implementing the Brownfield Plan is anticipated to be \$5,000.

2.2..7 Local Brownfield Revolving Fund

Local Brownfield Revolving Fund capture is also included in this plan. Capture to the Local Brownfield Revolving Fund is anticipated to be \$2,762,565.

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 will be financed by the developer and reimbursed as outlined in this plan and accompanying development agreement. No advances from the City or County 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 12 years of reimbursement to Developer, with an additional 5 years of capture to the Local Brownfield Revolving Fund ("LBRF"). It is estimated that the first homes will be completed in 2026 and that full recapture of eligible costs and eligible administrative costs of the authority will continue until 2043. Capture of TIR is expected to begin in 2027, however could be delayed for up to 5 years after the approval of this plan as permitted by Act 381. In no event shall capture extend beyond 30 year as required 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 which total 15.85 acres in size and is located at 1075 Bacon Avenue in Portage, Kalamazoo County (Parcel Identification Number 10-00027-150-B). A legal description of the property along with a scaled map showing eligible property dimensions, is attached as Figure 1.

The parcel is considered "eligible property" due to the development of residential housing units on the property, as defined within the definition of "Housing Property" in Section 2(y) of Public Act 381 of 1996, as amended.

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

Legal Description and Eligible Property Map



**1075 Bacon Avenue
Portage, MI 49002**

Parcel ID: 10-00027-150-B

15.85 Acres

Legal Description:

SEC 27 T3S R11W PART SE1/4 COM 660 FT N OF SW COR THEREOF N 1023 FT E 993.67 FT S 643 FT E 338 FT S 120 FT S89DEG 47'00"W 356.14 FT S62DEG 14'56"W 312.26 FT S74DEG 38'51"W 84.99 FT S15DEG 21'09"E 127.89 FT S89DEG 47'00"W 120 FT S00DEG 16'50"E 120 FT S89DEG 47'00"W 41 FT S00DEG 16'50"E 180 FT S89DEG 47'00"W 279 FT M/L TO PT 209.67 FT E OF N & S 1/4 LINE N 330 FT W 209.67 FT TO BEG EXC THAT PART PLATTED TO THE PINES NO. 2

Table 1

Eligible Activity Costs



Eligible Activities Table
American Village Development II, LLC

1075 Bacon Avenue

Portage, MI

May 2025

MSDHA Housing Development Activities Costs and Schedule		
MSHDA Eligible Activities	Cost	Completion Season/Year
Infrastructure Sub-Total	\$ 2,708,166	Summer 2025
<i>Sewer and Water Tap Fees</i>	\$ 44,197	
<i>Water Mains</i>	\$ 424,300	
<i>Electric and Natural Gas Utilities</i>	\$ 40,000	
<i>Stormwater System</i>	\$ 304,907	
<i>Sewer Main</i>	\$ 268,177	
<i>Road, Sidewalk, and Curb Construction</i>	\$ 1,153,293	
<i>Landscaping</i>	\$ 310,000	
<i>Site Lightning</i>	\$ 5,000	
<i>Street Signage</i>	\$ 5,000	
<i>Engineering and design of the above</i>	\$ 153,292	
Brownfield Plan/Act 381 Work Plan	\$ 15,000	Summer 2025
Brownfield Plan Implementation	\$ 5,000	
Brownfield Plan Application Fee	\$ 3,815	
MSHDA Eligible Activities Sub-Total	\$ 2,731,981	
Contingency (15%)	\$ 406,225	
Interest	\$ 156,294	
Total Brownfield Eligible Activities	\$ 3,294,501	

Table 2

Tax Capture Schedule



Tax Increment Financing Capture Estimates

American Village Development II, LLC

1075 Bacon Avenue

Portage, MI

May 2025

Estimated Taxable Value (TV) Increase Rate: 2%

Plan Year	1	2	3	4	5	6	7	8	9	10	11
Calendar Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
*Base Taxable Value	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700
Estimated New TV	\$ 1,260,000	\$ 2,570,400	\$ 3,932,712	\$ 5,348,488	\$ 6,819,323	\$ 8,346,851	\$ 9,932,753	\$ 11,578,752	\$ 13,286,617	\$ 15,058,166	\$ 16,588,076
Incremental Difference (New TV - Base TV)	\$ 1,117,300	\$ 2,427,700	\$ 3,790,012	\$ 5,205,788	\$ 6,676,623	\$ 8,204,151	\$ 9,790,053	\$ 11,436,052	\$ 13,143,917	\$ 14,915,466	\$ 16,445,376

School Capture	Millage Rate
State Education Tax (SET)	6.0000
School Operating Tax	0.0000
School Total	6.0000

Local Capture	Millage Rate
District Library	1.4942
Library Extra	0.4980
County Public Safety	1.4344
County Housing	0.7434
County Senior	0.3462
County 911	0.6442
County Veterans	0.0997
City of Portage	10.6400
KVCC	2.7729
KRESA	6.9785
School Site Sinking Fund	0.4983
County Operating	4.6202
CCTA Transportation	0.8933
KCTA Transportation	0.3102
Local Total	31.9735

Non-Capturable Millages	Millage Rate
School Debt	6.8500
County Juvenile Home Debt	0.1176
Total Non-Capturable Taxes	6.9676
	44.9411

Total Tax Increment Revenue (TIR) Available for Capture \$ 42,428 \$ 92,188 \$ 143,920 \$ 197,682 \$ 253,535 \$ 311,540 \$ 371,763 \$ 434,267 \$ 499,121 \$ 566,392 \$ 624,488

Footnotes:	
Average Home taxable Value	\$ 252,000

	Total Units	54											
New Units Constructed	5	5	5	5	5	5	5	5	5	5	5	5	4
Cumulative units	5	10	15	20	25	30	35	40	45	50	50	50	54



Tax Increment Financing Capture Estimates
American Village Development II, LLC
 1075 Bacon Avenue
 Portage, MI
 May 2025

12	13	14	15	16	17	TOTAL
2037	2038	2039	2040	2041	2042	
\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ 142,700	\$ -
\$ 16,919,838	\$ 17,258,234	\$ 17,603,399	\$ 17,955,467	\$ 18,314,576	\$ 18,680,868	\$ -
\$ 16,777,138	\$ 17,115,534	\$ 17,460,699	\$ 17,812,767	\$ 18,171,876	\$ 18,538,168	\$ -
\$ 100,663	\$ 102,693	\$ 104,764	\$ 106,877	\$ 109,031	\$ 111,229	\$ 1,194,172
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 100,663	\$ 102,693	\$ 104,764	\$ 106,877	\$ 109,031	\$ 111,229	\$ 1,194,172
\$ 25,068	\$ 25,574	\$ 26,090	\$ 26,616	\$ 27,152	\$ 27,700	\$ 297,389
\$ 8,355	\$ 8,524	\$ 8,695	\$ 8,871	\$ 9,050	\$ 9,232	\$ 99,116
\$ 24,065	\$ 24,551	\$ 25,046	\$ 25,551	\$ 26,066	\$ 26,591	\$ 285,487
\$ 12,472	\$ 12,724	\$ 12,980	\$ 13,242	\$ 13,509	\$ 13,781	\$ 147,958
\$ 5,808	\$ 5,925	\$ 6,045	\$ 6,167	\$ 6,291	\$ 6,418	\$ 68,904
\$ 10,808	\$ 11,026	\$ 11,248	\$ 11,475	\$ 11,706	\$ 11,942	\$ 128,214
\$ 1,673	\$ 1,706	\$ 1,741	\$ 1,776	\$ 1,812	\$ 1,848	\$ 19,843
\$ 178,509	\$ 182,109	\$ 185,782	\$ 189,528	\$ 193,349	\$ 197,246	\$ 2,117,665
\$ 46,521	\$ 47,460	\$ 48,417	\$ 49,393	\$ 50,389	\$ 51,404	\$ 551,886
\$ 117,079	\$ 119,441	\$ 121,849	\$ 124,306	\$ 126,812	\$ 129,369	\$ 1,388,921
\$ 8,360	\$ 8,529	\$ 8,701	\$ 8,876	\$ 9,055	\$ 9,238	\$ 99,176
\$ 77,514	\$ 79,077	\$ 80,672	\$ 82,299	\$ 83,958	\$ 85,650	\$ 919,552
\$ 14,987	\$ 15,289	\$ 15,598	\$ 15,912	\$ 16,233	\$ 16,560	\$ 177,792
\$ 5,204	\$ 5,309	\$ 5,416	\$ 5,526	\$ 5,637	\$ 5,751	\$ 61,739
\$ 536,424	\$ 547,244	\$ 558,280	\$ 569,537	\$ 581,018	\$ 592,730	\$ 6,363,642
\$ 114,923	\$ 117,241	\$ 119,606	\$ 122,017	\$ 124,477	\$ 126,986	\$ 1,363,346
\$ 1,973	\$ 2,013	\$ 2,053	\$ 2,095	\$ 2,137	\$ 2,180	\$ 23,406
\$ 116,896	\$ 119,254	\$ 121,659	\$ 124,112	\$ 126,614	\$ 129,167	\$ 1,386,752
\$ 637,087	\$ 649,937	\$ 663,044	\$ 676,413	\$ 690,050	\$ 703,959	\$ 7,557,813

Table 3

Reimbursement Schedule



Tax Increment Financing Reimbursement Schedule
American Village Development II, LLC
1075 Bacon Avenue
Portage, MI
May 2025

Developer Maximum Reimbursement	Proportionality	School & Local Taxes		Local-Only Taxes		Total		Estimated Total Years of Plan: 17				
		State	5.4%	\$ 329,789	\$ -	\$ 329,789						
Local	94.6%	\$ 5,727,277		\$ -	\$ -	\$ 5,727,277						
TOTAL		\$ 6,057,066		\$ 6,057,066								
EGLE	0.0%	\$ -		\$ -	\$ -	\$ -						
MSHDA	100.0%	\$ 3,138,206		\$ -	\$ -	\$ 3,138,206						
Plan Year		1	2	3	4	5	6	7	8	9	10	
		2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Total State Incremental Revenue		\$ 6,704	\$ 14,566	\$ 22,740	\$ 31,235	\$ 40,060	\$ 49,225	\$ 58,740	\$ 68,616	\$ 78,864	\$ 89,493	
State Brownfield Redevelopment Fund (50% of SET)		\$ 3,352	\$ 7,283	\$ 11,370	\$ 15,617	\$ 20,030	\$ 24,612	\$ 29,370	\$ 34,308	\$ 39,432	\$ 44,746	
State TIR Available for Reimbursement		\$ 3,352	\$ 7,283	\$ 11,370	\$ 15,617	\$ 20,030	\$ 24,612	\$ 29,370	\$ 34,308	\$ 39,432	\$ 44,746	
Total Local Incremental Revenue		\$ 35,724	\$ 77,622	\$ 121,180	\$ 166,447	\$ 213,475	\$ 262,315	\$ 313,022	\$ 365,651	\$ 420,257	\$ 476,900	
BRA Administrative Fee (10%)		\$ (3,572)	\$ (7,762)	\$ (12,118)	\$ (16,645)	\$ (21,347)	\$ (26,232)	\$ (31,302)	\$ (36,565)	\$ (42,026)	\$ (47,690)	
Local TIR Available for Reimbursement		\$ 32,152	\$ 69,860	\$ 109,062	\$ 149,803	\$ 192,127	\$ 236,084	\$ 281,720	\$ 329,086	\$ 378,231	\$ 429,210	
Total State & Local TIR Available		\$ 35,503	\$ 77,143	\$ 120,432	\$ 165,420	\$ 212,157	\$ 260,696	\$ 311,090	\$ 363,394	\$ 417,663	\$ 473,956	
DEVELOPER		Beginning Balance										
DEVELOPER Eligible Activity Balance		\$ 3,138,206	\$ 3,102,703	\$ 3,025,560	\$ 2,905,128	\$ 2,739,708	\$ 2,527,551	\$ 2,266,854	\$ 1,955,764	\$ 1,592,370	\$ 1,174,707	\$ 700,751
<hr/>												
Developer Reimbursement		\$ 3,138,206										
State Tax Reimbursement		\$ 3,352	\$ 7,283	\$ 11,370	\$ 15,617	\$ 20,030	\$ 24,612	\$ 29,370	\$ 34,308	\$ 39,432	\$ 44,746	
Local Tax Reimbursement		\$ 32,152	\$ 69,860	\$ 109,062	\$ 149,803	\$ 192,127	\$ 236,084	\$ 281,720	\$ 329,086	\$ 378,231	\$ 429,210	
Total Developer Reimbursement Balance		\$ 3,102,703	\$ 3,025,560	\$ 2,905,128	\$ 2,739,708	\$ 2,527,551	\$ 2,266,854	\$ 1,955,764	\$ 1,592,370	\$ 1,174,707	\$ 700,751	
Interest Accrual		3.5%	\$ 21,874	\$ 21,330	\$ 20,481	\$ 19,315	\$ 17,819	\$ 15,981	\$ 13,788	\$ 11,226	\$ 8,282	\$ 4,940
State Tax Reimbursement			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Local Tax Reimbursement												
Total Interest Reimbursement Balance			\$ 21,874	\$ 43,205	\$ 63,686	\$ 83,001	\$ 100,820	\$ 116,802	\$ 130,590	\$ 141,816	\$ 150,098	\$ 155,038
Total Annual Developer Reimbursement			\$ 35,503	\$ 77,143	\$ 120,432	\$ 165,420	\$ 212,157	\$ 260,696	\$ 311,090	\$ 363,394	\$ 417,663	\$ 473,956
<hr/>												
LOCAL BROWNFIELD REVOLVING FUND												
LBRF Deposits *												
State Tax Capture		\$ -										
Local Tax Capture		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total LBRF Capture		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

* Up to five years of capture for LBRF Deposits after eligible activities are reimbursed. May be taken from EGLE & Local TIR only.

Footnotes:



Tax Increment Financing Reimbursement Schedule
American Village Development II, LLC
 1075 Bacon Avenue
 Portage, MI
 May 2025

Estimated Capture	\$ 7,023,219
Administrative Fees	\$ 636,364
State Brownfield Redevelopment Fund	\$ 329,789
Local Brownfield Revolving Fund	\$ 2,762,565

11	12	13	14	15	16	17	TOTAL
2036	2037	2038	2039	2040	2041	2042	
\$ 98,672	\$ 100,663						\$ 659,577
\$ 49,336	\$ 50,331						\$ 329,789
\$ 49,336	\$ 50,331	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,789
\$ 525,816	\$ 536,424	\$ 547,244	\$ 558,280	\$ 569,537	\$ 581,018	\$ 592,730	\$ 6,363,642
\$ (52,582)	\$ (53,642)	\$ (54,724)	\$ (55,828)	\$ (56,954)	\$ (58,102)	\$ (59,273)	\$ (636,364)
\$ 473,235	\$ 482,781	\$ 492,519	\$ 502,452	\$ 512,583	\$ 522,917	\$ 533,457	\$ 5,727,277
\$ 522,571	\$ 533,113	\$ 492,519	\$ 502,452	\$ 512,583	\$ 522,917	\$ 533,457	
\$ 178,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<hr/>							
\$ 49,336	\$ 9,701	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,138,206
\$ 473,235	\$ 168,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,849,048
\$ 178,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,138,206
\$ 1,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,294
\$ 40,630	\$ -						\$ 40,630
\$ 115,664	\$ -						\$ 115,664
\$ 156,294	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,294
\$ 522,571	\$ 334,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,294,501
<hr/>							
\$ -	\$ 198,638	\$ 492,519	\$ 502,452	\$ 512,583	\$ 522,917	\$ 533,457	\$ 2,762,565
\$ -	\$ 198,638	\$ 492,519	\$ 502,452	\$ 512,583	\$ 522,917	\$ 533,457	\$ 2,762,565

Attachment A

Brownfield Plan Resolutions

Attachment B

Reimbursement Agreement

McCONLEY COVE

DEVELOPMENT AGREEMENT AND BROWNFIELD REIMBURSEMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT AND BROWNFIELD REIMBURSEMENT AGREEMENT, is made and entered into effective as of the latter of the signature dates below, by and among the City of Portage “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 7900 South Westnedge Avenue, Portage, Michigan 49024 (the “Authority”) and AMERICAN VILLAGE DEVELOPMENT II, LLC, a Michigan Limited Liability Company, d.b.a. AVB (“Developer”).

RECITALS

- A. The Authority, and the City of Portage (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” or “Tax Increment Revenue or “TIR”) 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 is the owner of a parcel in the City located at **1075 Bacon Avenue, Portage, Michigan, 49002** (the “Property”) and legally described and depicted 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. The Developer intends to redevelop and improve the Property by preparing the site as the McConley Cove subdivision in preparation for the development of 54 housing units by affiliate company, American Village Builders, LLC, (“Project”). The combined developments will result in a total of 54 market-rate for-sale housing units. The Developer will invest an estimated total capital investment of \$3.8 million in the site preparation activities for the Project.
- H. The Project will require the Developer to incur “Eligible Costs” including site preparation, infrastructure improvements, contingency costs, and brownfield plan-related consulting costs to satisfy obligations under the Developer’s Brownfield Plan and “381 Work Plan” dated May 23, 2025, all of which may require the services of various contractors, engineers, environmental consultants, attorneys, and other professionals. The Developer’s Eligible Costs are estimated at \$3,138,206. The parties are entering into this Agreement to establish the procedure for the reimbursement from Tax Increment Revenues under Act 381 as amended and to set forth the Authority’s commitments to the Project, and to establish the use of the Authority’s Tax Increment Revenues to reimburse Developer for Developer’s Act 381 Eligible Costs.
- I. The Authority may retain funds to pay Administrative Costs from the annual Tax Increment Revenues attributable to the Property. The amount the Authority may retain shall not exceed the amounts permitted by Act 381.

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 Portage City Council, 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. CONTINGENCIES: The obligation of the Developer to develop the Project on the Property is contingent upon the Developer's ability to secure the following:

3.1. The Developer shall have obtained all necessary governmental and quasi-governmental approvals needed to develop the Property and permit the use of the Property for the Project, including, for example, and not limitation, a special use permit, site plan approvals, zoning variances and/or rezoning, building permits, and any and all other permits, consents and final approvals and authorizations necessary to develop, construct and utilize the Property for the Project. The Authority agrees to cooperate and utilize its best efforts to help Developer obtain any governmental approvals required to close the transaction contemplated by this Agreement.

3.2 Approval by Michigan State Housing Development Authority ("MSHDA") of the Act 381 Work Plan and other financial incentives needed by the Developer for the Project and The Plan approved by the Authority and City Council.

4. Term of Agreement. Pursuant to the Plan, the Authority shall capture and reimburse the Developer the amount of Tax Increment Revenues (TIR) generated from real and personal property taxes allowed by law on the Eligible Property and based upon the Developer's actual Eligible Costs. The capture of TIR and reimbursement of the Developer's Eligible Costs are anticipated to begin in **2027**, but the Project commencement and Completion Date could be delayed for up to 5 years after the approval of the Plan as permitted by Act 381, and will continue until the earlier of (hereinafter, the "End Date"):

4.1 Both the total reimbursement to the Authority of its Administrative Costs, and reimbursement to the Developer of the Developer's actual Eligible Costs for those Eligible Activities set forth in Paragraph 6, 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

4.2 A total of **17** years from the beginning date of the capture of Tax Increment Revenues, with the final five years designated for the Local Fund only. If an affiliate company of the applicant with 80% or more identical shareholder interests does not construct single family homes on the property which demonstrate an overall taxable value growth of at least \$10 million during the first 10 years of the TIF Capture Period, the term shall be reduced to a total of 15 years from the beginning date of the capture of Tax Increment Revenues, with the final five years designated for the Local Fund only.

The period during which the Developer is reimbursed under this Paragraph 4 shall be referred to as the "Reimbursement Term."

5. Evidence of Property Control. Prior to the execution of this Agreement, the Developer has provided to the Authority a copy of its fully executed deeds for each of the Parcel(s), verifying the Developer's obligation for payment of real property taxes at the Property.

6. 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 and included in the Plan. It may include site preparation, and infrastructure improvements, which may require the services of various contractors, engineers, environmental consultants, attorneys, and other professionals.

7. 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 from all available Tax Increment Revenues collected from the real and personal property taxes on the Property.

8. Reimbursement Process.

8.1 Cost Reimbursement Request. The Developer shall submit to the Authority the Eligible Costs incurred, including the dates of each Eligible Activity, a detailed description of the work, proof of payment, detailed invoices for the costs involved for each Eligible Activity, and other backup documentation reasonably requested by the Authority, and a written statement certifying to the Authority that all such costs are "Eligible Costs" and, upon completion of each Project, final certificates of occupancy to document project completion (the "Completion Date"). After the Developer has completed each Project and, in no event, more than 12 months following the Completion Date, the Developer shall submit to the BRA the above documentation of the Eligible Costs incurred by the Developer for each Project. Failure to provide the above-noted information when due or within the time permitted by the Authority may result in foregone reimbursement to the Developer by the Authority for Eligible Costs that have not been requested within the time frame described above.

8.2 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 the 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 to complete its review. Within 45 days following the receipt of such supplemental information, the Authority shall determine whether the submittals of incurred costs are Eligible Costs. If the Developer wishes to challenge that determination, it shall provide written notice to the Authority within fifteen (15) days of receipt 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 City or 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.

8.3 Reimbursement. After collecting each of the summer and winter taxes 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 8 to the extent that taxes have been captured and are available in that fiscal year. Under Act 381, the Authority shall collect one hundred percent (100%) of Tax Increment Revenues from the Project for the purpose of reimbursing the Authority for Administrative Costs and the Developer for Eligible Costs until fully reimbursed. If there are insufficient Tax Increment Revenues available in any given year to reimburse all the Authority's Administrative Costs and Developer's Eligible Costs, as such Administrative Costs and Eligible Costs are described in this Agreement and in the Plan, then the Authority shall reimburse the Authority or 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 the amounts for which submissions have been made have been fully paid to the Developer, subject to the limitations of Section H of the Recitals, or the repayment obligation expires, whichever occurs first. The Developer shall not be entitled to reimbursement under this Agreement unless all real and personal property taxes owed by the Developer 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 paid in a timely manner, 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 on the End Date.

8.4 Interest Accrual. If an affiliate company of the applicant with 80% or more identical shareholder interests builds single family homes on the property which demonstrate an overall taxable value growth of at least \$15 million during the first 10 years of the TIF Capture Period, a simple-interest rate of three-and-one-half percent (3.5%) per annum (“Interest”) on unreimbursed eligible activities shall become an Eligible Cost and shall accrue on all other approved Eligible Costs as described in the plan, in each case calculated from the date that the Authority approves the Developer’s request(s) for reimbursement for pertinent Eligible Costs until such Eligible Costs are reimbursed in full, subject to the limitations set forth in this Agreement. For purposes of the preceding sentence, taxable value growth shall mean the combined total of the taxable values of each home at the time an initial certificate of occupancy is granted during the first 10 years of the TIF Capture Period and shall not include any inflationary growth in years following their construction. Interest shall be calculated at the end of each calendar year based on the total unreimbursed Eligible Costs outstanding at the time, other than accrued Interest. Principal amounts of the Eligible Costs shall be reimbursed to the Developer prior to Interest accruing thereon and Interest shall otherwise be treated in the same manner as other eligible expenses under Paragraph 8.3.

8.5 Maximum Reimbursement of Eligible Costs. The Developer’s reimbursed Eligible Costs, inclusive of contingency, shall not exceed the lesser of \$3,138,206, plus any Interest due under Paragraph 8.4 and available for Developer reimbursement under the terms of Section 4.

8.6 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:

AVD II, LLC
c/o Jack Gesmundo, Principal
4200 W. Centre St.
Portage, MI 49024

9. 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:

9.1 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 the City and Authority's legal fees associated with any determination of whether a cost for which reimbursement is requested constitutes an "Eligible Cost" and all the City's and Authority's legal fees associated with the review or determination of such issues by any state agency or court.

9.2 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 shall remit Tax Increment Revenue (TIR) reimbursement payments based upon the lowest taxable value being sought pursuant to the appeal.
- b. Any Tax Increment Revenue that is collected shall be held in a separate account of the Authority until the pending appeal is adjudicated.
- b. Once any tax appeals are adjudicated, the Authority will either return the escrowed funds to the local unit in compliance with any tax appeal rulings or will resume payments to Developer based upon the conclusion of such tax appeal pursuant to Section 8 of this Agreement.

9.3 Reduction of Property Assessments: If Developer successfully petitions the Michigan Tax Tribunal (Tribunal) to lower the assessments levied by the City against the Property for tax purposes, the provisions under Paragraph 8.3 may require a redetermination regarding the amount of TIR that would be captured over the remaining Reimbursement Term of this Agreement because of such lower assessments. If such amount is less than the actual amount of TIR that Authority has already paid to the Developer, Developer shall reimburse Authority the difference between the total amounts of adjusted TIR captured over the balance of the Reimbursement Term of this Agreement and the amount actually paid to Developer. The Developer indemnifies and shall fully reimburse the Authority for all Administrative Costs as defined within the Plan, expenses, or reductions in revenue from what was projected as tax increment capture because of the successful petition. Otherwise, any refund due to the Developer because of the lower assessments is limited only to the amount such refund exceeds the amount of TIR paid to Developer for those years covered by the Tribunal's order. The Developer shall fully reimburse the Authority within 30 days of notification from the Authority as to the amount due resulting from the reduction(s) in question.

10. 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 (collectively the "Undertakings"):

10.1 Project. At its sole expense, Developer shall use its best efforts to conduct the activities described in the Plan and construct the Project. Subject to matters beyond the reasonable control of Developer (e.g., matters of force majeure, war, acts of God, the COVID-19 pandemic or a future similar pandemic, failure to obtain governmental approvals, etc.) ("Force Majeure"), Developer shall commence construction of the Project within a commercially reasonable time after the date that Developer secures all necessary approvals, authorizations, permits and entitlements for the Project and otherwise satisfies all requirements of Developer's lenders or other financing parties for the Project, but in no case later than one-hundred-twenty (120) days after execution of this agreement (collectively, the "Approvals", and such date on which Developer is required to commence construction being the "Commencement Date"), and shall use commercially reasonable efforts to substantially complete the Project - defined as date when Developer receives a temporary or final occupancy permit from the City - within thirty-six (36) months of the Commencement Date. 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 8 hereof with respect to payments from Tax Increment Revenues.

10.2 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 improvements to the Property shall be subject to all zoning approvals. This Agreement does not obligate any governing municipality to grant any such approvals.

10.3 Project Sign. Place on the Property during the Project a development sign provided by the Authority to promote the Project and the Authority's participation in it. The sign will be returned to the Authority upon completion of the Project.

10.4 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.

10.5 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, and square footage developed or rehabilitated concerning the Project.

10.6 Payment of Authority Legal and Professional Fees. To the extent the following costs and fees under paragraph 4.1 or 8.3 hereof are not paid to the Authority from Tax Increment Revenues it receives under paragraph 4.1 or 8.3 hereof, the Developer shall reimburse the Authority for its legal and professional fees and disbursements incurred in connection with the review, approval and administration of the Plan for this Project, including any further amendments thereto; the preparation and negotiation of this Agreement, as it may be amended from time to time; and all documents and matters related thereto, including future expense. The Developer shall reimburse the Authority for such expenses within 30 days from the date that the Authority sends an invoice and request for payment to the Developer, provided the Developer shall be eligible for reimbursement for such expenses to the extent permitted by law from Tax Increment Revenues.

11. Responsibilities of the Authority. In consideration of the preceding commitments of the Developer the Authority further agrees to:

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

11.2 Reimbursement of Eligible Costs. The Authority shall extend to the Developer the benefits outlined in the Plan, subject to the provisions of Act 381 (Brownfield Redevelopment Financing Act of 1996 as amended). Those benefits include reimbursement for Eligible Activities from Authority Tax Increment Revenues as more fully set forth in Paragraph 8. These Eligible Cost activities may include, without limitation, site preparation (soil removal, grading, filling, etc.), parking facility and other infrastructure improvements, environmental assessment, due care obligations, or environmental response activities; and the services of various contractors, engineers, environmental consultants, attorneys, and other professionals retained regarding such activities, in each case to the extent included in the Plan. The Developer has undertaken discussion with the City regarding Eligible Activities that will be incurred by the Developer, and the Plan reflects those discussions. The Plan, as approved by the Authority and the City Council of the City of Portage as it relates only to the Property, is attached as Exhibit B and

incorporated as part of this Agreement. To the extent provisions of the Plan or this Agreement violate or would cause any party to be in violation of Act 381, Act 381 controls. Reimbursement of financing gap subsidies shall be reviewed for approval annually and may commence once the Developer has satisfied a full year of WFH Unit assistance in accordance with this Agreement.

11.3 No official, board member, officer or employee of Authority or the City is personally liable to the Developer or its successor in interest upon a breach or default by Authority for any amount payable to the Developer or its successor or any obligation under this Agreement.

12. Developer's Representations, Warranties and Covenants. The Authority represents and warrants that it has the full authority to enter into and perform this Agreement in accordance with its terms, without breaching or defaulting on any obligation or commitment that it has to any third parties. The Developer hereby makes the following representations, warranties, and covenants:

12.1 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.

12.2 Eligible Costs. The Developer will only submit for reimbursement under Paragraph 8 hereof such costs that it has reasonably determined are reimbursable in connection with “Eligible Activities” within the meaning of Act 381.

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

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

13.1 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.

13.2 Developer's failure for reasons other than Force Majeure to observe or perform any covenant or agreement contained in this Agreement, or otherwise violates any term of this Agreement, and fails to perform such covenant or agreement or otherwise cure such violation within 45 days after written notice thereof shall have been given to the Developer by the Authority (subject to Developer's right to cure as provided in Section 14).

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

13.4 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, to the extent taxes are owed by the Developer, as set forth herein.

13.5 Except as provided in Section 22 of this Agreement, any assignment of this Agreement or the rights or obligations hereunder by Developer, or transfer or other conveyance of the Property, or transfer or other conveyance of more than fifty (50%) percent of the beneficial ownership interests or voting control of the Developer, in each case whether directly or indirectly, or if the Developer terminates its existence

13.6 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.

14. Remedies upon Default. If any event of default as defined above shall occur and be continuing for 30 days (or such additional time as specified in Section 13) after written notice of default from the Authority specifying the alleged default (or such additional time as may be reasonably necessary and authorized by the Authority Board Chair, or their proxy, to cure the default at issue, provided that the Developer has commenced such cure within the initial cure period described above and is proceeding in good faith to cure but not more than three (3) months), the Authority shall have the right, but not the obligation, to exercise any of the following rights and remedies either individually or concurrently:

- (a) withhold or suspend reimbursement to the Developer for Eligible Costs from TIR until the Developer has cured that default to the satisfaction of the Authority. Any action by the Authority shall not under any circumstances extend the Reimbursement Term unless approved explicitly by the Authority. In the event, the Authority suspends or withholds reimbursement, and such default by the Developer related to such suspension or withholding of reimbursement is not cured within 12 months from the end of any applicable cure periods specified under this paragraph 14 or 13, the Authority may terminate this Agreement upon written notice to Developer.
- (c) To secure any amount owed by the Developer to the Authority under this Paragraph, the Authority has the right to place a lien against the Property in the same manner as delinquent taxes, including the accrual of interest, penalties, and administrative expenses until the lien is fully satisfied.
- (d) All other remedies available at law or in equity.

In addition, if the Developer fails to substantially complete the Project within the timelines required by this Agreement, or if the Developer otherwise defaults prior to substantial completion of the Project, the Developer shall pay back to the Authority (within thirty (30) days following demand by the Authority) any amounts paid to Developer as reimbursement for Eligible Costs pursuant to the terms of this Agreement or otherwise.

Following a default by the Developer or following expiration or termination of this Agreement for any reason, the 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.

15. Authority Default and Developer Remedies. If the Authority in any material respect fails to perform or provide the Incentives in accordance with this agreement, and such undisputed failure continues for a period of thirty (30) days after written notice from Developer to the Authority specifying the alleged default (or such additional time as may be reasonably necessary to cure the default at issue provided that the Authority has commenced such cure within the initial thirty (30) days and are proceeding in good faith to cure but not more than three (3) months), the Developer shall have the option to exercise one or any combination of remedies under this Agreement or otherwise available at law or in equity, including without limitation:

- a. To withhold or suspend the performance of all or any of the Undertakings.
- b. To seek specific performance of the Authority under this Agreement.
- c. To seek any other available remedies under the law.

16. Legislative Authorization. This Agreement is governed by and subject to the restrictions set forth in the Act. If legislation is enacted in the future that 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.

17. 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.

18. Plan Modification. The Plan and this Agreement may be modified by mutual agreement of the parties to the extent allowed under the Act and the City's applicable Brownfield Redevelopment Policy (as amended from time to time).

19. 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: AMERICAN VILLAGE DEVELOPMENT II, LLC
c/o Jack Gesmundo, Principal
4200 W. Centre St.
Portage, MI, 49024

With copy to: Miller Johnson
100 W. Michigan Ave, Suite 200
Kalamazoo, MI 49007

If to the Authority: City of Portage Brownfield Redevelopment Authority
C/O Department of Community Development
7900 S. Westnedge Avenue
Portage, Michigan 49002

20. 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.

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

22. 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. The Developer may assign this Agreement to an entity owned or controlled by Developer, its principals, or Allen Edwin Homes or its principals, without the Authority's consent. However, the Developer must provide the Authority with written notice of any such assignment. For any other assignment the Developer shall obtain written consent from the Authority. Such written consent will not be unreasonably withheld, conditioned or delayed. The parties do not intend to confer any benefits on any person, firm, corporation, or other entity which is not party to this Agreement

23. 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 may continue, is considered 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.

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

25. Entire Agreement. This Agreement supersedes all previous agreements between the parties relating to the subject matter. There are no other understandings or agreements between them.

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

27. Additional Actions. Developer and the Authority agree to execute and deliver such additional documents and to perform such additional acts as may become necessary to effectuate the transfers contemplated by this Agreement.

28. 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.

[Signature Page Follows]

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 PORTAGE BROWNFIELD
REDEVELOPMENT AUTHORITY**

By _____

Print Name: Keith Lewandowski

Title: BRA Chairperson

Date _____

**DEVELOPER
AMERICAN VILLAGE DEVELOPMENT II, LLC**

By: _____

PRINTED NAME:

Its:

Date: _____

By: _____

PRINTED NAME:

Its:

Date: _____

EXHIBITS:

A (Legal Description of Property)

B (Copy of the Plan)

Exhibit A – Legal Descriptions

1075 Bacon Avenue
Portage, MI 49002

Parcel ID: 10-00027-150-B

15.85 Acres

Legal Description:

SEC 27 T3S R11W PART SE1/4 COM 660 FT N OF SW COR THEREOF N 1023 FT E 993.67 FT S 643 FT E 338 FT S 120 FT S89DEG 47'00"W 356.14 FT S62DEG 14'56"W 312.26 FT S74DEG 38'51"W 84.99 FT S15DEG 21'09"E 127.89 FT S89DEG 47'00"W 120 FT S00DEG 16'50"E 120 FT S89DEG 47'00"W 41 FT S00DEG 16'50"E 180 FT S89DEG 47'00"W 279 FT M/L TO PT 209.67 FT E OF N & S 1/4 LINE N 330 FT W 209.67 FT TO BEG EXC THAT PART PLATTED TO THE PINES NO. 2

Exhibit B – Copy of Brownfield Plan

DRAFT

Attachment C

Site Plan

Attachment D

Housing Study