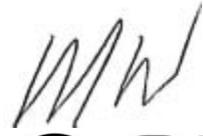


2. Resolution approving a Second Amendment to the Act 381 Combined Brownfield Plan Amendment – RDG-Walker, LLC for the Walkerview Development Project



Item Number: 2
CITY OF GRAND RAPIDS
AGENDA ACTION REQUEST

DATE: February 25, 2025

TO: Mark Washington, City Manager

COMMITTEE: Committee of the Whole

LIAISON: Kate Berens, Deputy City Manager

FROM: Sarah Rainero, Economic Development Director
Economic Development

SUBJECT: **Resolution approving a Second Amendment to the Act 381 Combined Brownfield Plan Amendment – RDG-Walker, LLC for the Walkerview Development Project**

Attached is a resolution approving a Second Amendment to the Act 381 Combined Brownfield Plan Amendment (the “Combined Plan Second Amendment”) for RDG-Walker, LLC (the “Developer”) for the Walkerview development project (the “Project”). The amendments are being considered pursuant to a request from the City of Walker (“Walker”) and the Developer. A public hearing was held on the Combined Plan Second Amendment on February 11, 2025.

On November 12, 2024, the City Commission approved a Second Amendment to the Grand Rapids-Walker Development Cooperation Agreement (the “PA 425 Agreement”) with Walker under Public Act 425 of 1984 (“PA 425”) related to the Project. PA 425 permits two municipalities to contract for the conditional transfer of property from one community to the other for economic development purposes. The Project is comprised of approximately 200 acres of land located in Walker east of Walker Avenue, south of Four Mile Road, west of Bristol Avenue and north of Interstate Highway I-96 (the “Property”) and is being developed and occupied for industrial uses.

In 2016, to facilitate the Project, Walker entered into the PA 425 Agreement with Grand Rapids to allow the Developer, an entity affiliated with the Rockford Development Group, to take advantage of certain funding opportunities offered by the City of Grand Rapids Brownfield Redevelopment Authority (the “GRBRA”). The PA 425 Agreement allows Walker to retain most local government services but transferred the Property to Grand Rapids for property and income tax purposes, including tax incentives available through the GRBRA. Grand Rapids reimburses Walker for the property and income taxes which Walker is no longer collecting.

Under the PA 425 Agreement, the GRBRA received authority to enter into a Brownfield reimbursement agreement with the Developer for the Property. Accordingly, to facilitate

the Project, the GRBRA adopted an amendment to its Brownfield Plan and entered into a Brownfield reimbursement agreement with the Developer. Under the terms of the initial Brownfield agreement, the Developer is entitled to be reimbursed \$6.2 million for eligible public infrastructure costs incurred in the industrial park. Following full reimbursement to the Developer, the GRBRA will continue tax increment capture for an additional five years to capitalize its Local Brownfield Revolving Fund (the "LBRF"), similar to other Brownfield projects in Grand Rapids.

As originally approved in 2016, the PA 425 Agreement was to terminate in 2031 and, upon termination, the Property for all purposes (including property and income tax collection) would return to Walker's jurisdiction. In 2018, Grand Rapids and Walker entered into a First Amendment to the PA 425 Agreement, to extend the initial term to 2039, allowing for additional time for reimbursement of the \$6.2 million in public infrastructure expenses. To facilitate this extension in 2018, the GRBRA approved a First Amendment to the Act 381 Combined Plan Amendment and First Amendment to the Development and Reimbursement Agreement with the Developer.

Since 2018, Walker has approved the installation of numerous private developments as part of the Project and required, as a condition of those approvals, that the Developer agree to make additional public infrastructure improvements benefiting the project on Walker Avenue, south of Four Mile Road. The Developer agreed to pay for these improvements, but in turn requested the PA 425 Agreement, the Act 381 Combined Plan Amendment and the Development and Reimbursement Agreement be modified again via Second Amendments to: 1) allow for reimbursement of the additional infrastructure expenses in the amount of \$290,400, 2) extend the tax increment capture and reimbursement to the Developer to 2037, and 3) extend the tax increment capture for deposit into the LBRF to 2042. Except for the extended term and additional reimbursement to the Developer, no substantive changes are otherwise being proposed.

The GRBRA approved and recommended the Combined Plan Second Amendment to the City Commission on December 4, 2024.

SR/cb

Attachment

Your COMMITTEE OF THE WHOLE recommends the adoption of the following resolution approving a Second Amendment to the Act 381 Combined Brownfield Plan Amendment – RDG-Walker, LLC for the Walkerview Development Project.

WHEREAS:

1. The City Commission previously approved the Brownfield Plan (the "Plan") of the City of Grand Rapids Brownfield Redevelopment Authority (the "Authority") on December 22, 1998, pursuant to the Brownfield Redevelopment Financing Act, Act 381 of the Public Acts of Michigan of 1996, as amended, MCL 125.2651 et seq.; and
2. The City Commission also previously approved the Act 381 Combined Brownfield Plan (the "Combined Plan") on June 14, 2016, and a First Amendment to the Combined Plan on January 8, 2019, for the Walkerview Project; and
3. The Authority has, pursuant to Act 381, approved and recommended a Second Amendment to the Combined Plan (the "Second Amendment") for the Walkerview Project; and
4. The City Commission held a public hearing on February 11, 2025, on the Second Amendment after notice in accordance with the requirements of Act 381; therefore

RESOLVED:

1. That the Second Amendment constitutes a public purpose under Act 381; and
2. That the Second Amendment meets all the requirements of Section 13(1) of Act 381; and
3. That the proposed method of financing the costs of the eligible activities, as identified in the Second Amendment and defined in Act 381, is feasible and the Authority has the authority to arrange the financing; and
4. That the costs of the eligible activities proposed in the Second Amendment are reasonable and necessary to carry out the purposes of Act 381; and
5. That the amount of captured taxable value estimated to result from the adoption of the Second Amendment is reasonable; and
6. That the Second Amendment is approved; and
7. That all resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

CORRECT IN FORM



DEPARTMENT OF LAW

**SECOND AMENDMENT TO COMBINED BROWNFIELD PLAN AMENDMENT
FOR THE RDG-WALKER, LLC REDEVELOPMENT PROJECT**

THIS SECOND AMENDMENT TO COMBINED BROWNFIELD PLAN AMENDMENT (the “Second Amendment”) is made as of December 4, 2024, between the **CITY OF GRAND RAPIDS BROWNFIELD REDEVELOPMENT AUTHORITY** (the “Authority”) and **RDG – WALKER, L.L.C.** (the “Developer”).

RECITALS

A. The Authority and City of Grand Rapids previously approved a Combined Brownfield Plan Amendment dated June 2, 2016, related to the Walkerview Project (the “Project”), as amended by the First Amendment to Combined Brownfield Plan Amendment for the Project dated November 14, 2018 (the “Plan Amendment”).

B. The Authority and the Developer have agreed to further amend the Plan Amendment in accordance with the Second Amendment to the Grand Rapids-Walker Development Cooperation Agreement (the “Agreement”) to extend the period for reimbursement of Project Eligible Costs with Project Local Tax Increment Revenues and to increase the amount of Eligible Costs as provided and defined in the Agreement.

In exchange for the consideration in and referred to herein and in the Agreement, the parties agree as follows:

1. Amendment to paragraph 3.2 of the Plan Amendment. The first sentence of paragraph 3.2 of the Plan Amendment is amended to read as follows:

The cost of the Plan will be financed by the developer, RDG-Walker, L.L.C., with reimbursement for eligible activities anticipated to occur over 22 years.

2. Amendment to paragraph 3.4 of the Plan Amendment. Paragraph 3.4 of the Agreement is amended to read as follows:

The duration of this Plan is 27 years. It will take an estimated 22 years to recapture eligible costs through tax increment revenues, with 5 years of tax increment revenues to be deposited in the local site remediation revolving fund. The duration of the Plan shall not exceed the shorter of the following:

- Reimbursement of all eligible costs, cumulatively not to exceed \$6,490,400.00 and an additional 5 years of capture for the local site remediation revolving fund; or
- 27 years total tax capture after the first year of tax capture under this plan, which includes up to 5 years of capture for the local site remediation revolving fund.

The date for beginning tax capture shall be 2017, unless otherwise amended by the City of Grand Rapids' Brownfield Redevelopment Authority.

3. Amendment to Table 2. Table 2 entitled *Tax Capture/Reimbursement Schedule* is replaced in its entirety by the attached Table 2 to reflect the additional years of tax capture.

4. Plan Amendment to Remain in Effect. Except as expressly set forth herein, all other terms and conditions as set forth in the Plan Amendment shall remain in effect and binding on the parties and all references to the Plan Amendment shall be interpreted to mean the Plan Amendment as amended by this Second Amendment.

TAX CAPTURE SCHEDULE FOR WALKERVIEW PROJECT
(Local TIF)

11/26/2024

	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Base Taxable Value	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835	2,363,835
Taxable Value after Improvement	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110	31,774,110
Total Capturable Taxable Value (change in SEV)	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275	29,410,275
Yearly Captured Tax (Millage Rates)											
City of Grand Rapids Millage (8.9544)	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529	\$234,529
Kent Intermediate School District (5.4020)	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874	\$158,874
Grand Rapids Community College (1.6951)	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853	\$49,853
Interurban Transit Partnership (1.3950)	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027	\$41,027
Kent County (6.0494)	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915	\$177,915
Total Captured Local Taxes (23.5509)	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021	\$691,021
Total Annual Local Incremental Taxes	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199
Total Annual Tax Capture	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199	\$662,199
Total Cumulative Tax Capture	\$6,872,861	\$7,535,060	\$8,197,259	\$8,859,458	\$9,521,657	\$10,183,855	\$10,846,054	\$11,508,253	\$12,170,452	\$12,832,651	\$13,494,849
GRBRA Administrative Fee (10% of total)	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220	\$66,220
Annual Local Increment Available for Reimbursement	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979	\$595,979
Cumulative Increment Available for Reimbursement	\$6,218,913	\$6,814,892	\$7,410,871	\$8,006,850	\$8,602,829	\$9,198,807	\$9,794,786	\$10,390,765	\$10,986,744	\$11,582,723	\$12,178,702
TIF reimbursable expenses											
Local Tax Increment Reimbursement	\$595,979	\$595,979	\$595,979	\$100,280	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Balance Due After TIF Payment	269,756	(326,223)	(922,202)	(1,022,482)	(1,022,482)	(1,022,482)	(1,022,482)	(1,022,482)	(1,022,482)	(1,022,482)	(1,022,482)
Total Annual Developer Reimbursement	\$595,979	\$269,756	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cumulative Developer Reimbursement	\$6,220,644	\$6,490,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Local Site Remediation Revolving Fund											
Local Tax Increment Available for Deposit	\$0	\$326,223	\$595,979	\$595,979	\$595,979	\$595,979	\$0	\$0	\$0	\$0	\$0
Total Annual Increment Available for Deposit	\$0	\$326,223	\$595,979	\$595,979	\$595,979	\$595,979	\$0	\$0	\$0	\$0	\$0
Cumulative Tax Increment Available for Deposit	\$0	\$326,223	\$922,202	\$1,518,181	\$2,114,160	\$2,710,139	\$2,710,139	\$2,710,139	\$2,710,139	\$2,710,139	\$2,710,139

Total Non-Environmental Eligible Activity Costs
Total Eligible Activity