



MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

October 5, 2020

Mr. Mitch Foster, City Manager
City of Ludington ("Applicant")
400 South Harrison Street
Ludington, Michigan 49431--2175

Re: Letter of Interest – Haskell Building (CDBG/TIF) ("Project")

Dear Mr. Foster:

Thank you for giving the Michigan Economic Development Corporation (the "MEDC") the opportunity to review your proposed Project in the City of Ludington. We appreciate the economic development benefits that this project is intended to achieve. The project is anticipated to convert the presently blighted 3-story structure into a commercial space on the lower level, and 65 apartments, ranging from studio, 1-, 2- and 3-bedroom units. The building requires a complete renovation, including but not limited to masonry restoration, plumbing, floor improvements throughout, drywall and insulation, historical windows, HVAC, electrical, elevator, and fire protection. These improvements are likely to have a positive impact on the local and state economy.

The MEDC provides administrative services, including making recommendations to the Michigan Strategic Fund (the "MSF"), a public-body corporate and politic (the "MSF"). The MSF's community development programs administered by the MEDC are designed to advance community development by means of economic support to eligible projects. The MEDC recognizes the potential impact of this Project. Based on the MEDC's preliminary review of the information provided, and subject to the conditions set forth below, the MEDC is interested in continuing discussions with you toward a possible recommendation to the MSF to approve economic support for the Project.

The MEDC currently anticipates a possible recommendation to the MSF for an award under the Community Development Block Grant program in the form of a grant in the amount of up to \$2,000,000 for the Project. Based on the information provided, the Project appears to be in furtherance of the CDBG national objective eliminated blight through historic preservation.

CDBG funding is provided by the U.S. Department of Housing and Urban Development (HUD) and administered by the MEDC, through the MSF. Due to federal regulations associated with CDBG funding, this program requires an environmental review that can take two to three months. In addition to the conditions set forth below, to remain eligible for consideration of the proposed award, Project costs, including without limitation, local, private, and any other Project costs, cannot be incurred until the environmental review procedures have been completed and the Applicant has received written approval under the CDBG Program ("Program"). Incurring costs is defined as making commitments relevant to the Project. This includes, but is not limited to, entering into leases, easement, purchase agreements, ordering

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equipment, signing contracts, or performing any work other than activities to be determined exempt from the National Environmental Policy Act of 1969 (NEPA).

In Michigan, the Brownfield Redevelopment Financing Act, 1996 PA 381, as amended (“Act 381”) authorizes and permits the use of State and local tax increment financing to help reduce the burden of brownfield related costs when redeveloping affected properties. Brownfield tax increment financing for the Project, specific to reimbursement of non-environmental MSF eligible activities, may be recommended for an award by the MEDC to the MSF based on the support provided through both local and State tax millages.

Please work closely with the undersigned to identify a realistic timeframe for the MEDC to be in a position to finalize a recommendation to the MSF and to identify application material deadlines.

This letter does not embody all of the terms and conditions of the CDBG/Brownfield TIF programs and is not intended to be a legally binding agreement. This letter should not in any way be viewed as a commitment by, or an obligation of the MEDC, the MSF or any other entity to extend economic support of any kind to the Applicant or for the Project. Proceeding toward an MEDC recommendation and finalizing an MSF award for the Project is contingent upon several factors, the form, substance and results of which must be satisfactory to the MEDC and the MSF including without limitation: (i) submission by the Applicant of a completed application and all other documentation as required, (ii) local support, as applicable, (iii) available MSF funding, as applicable (iv) completion of financial review, as applicable, (v) required background checks, and all other business and legal review and due diligence, (vi) approval of an award by the MSF Board, and (vii) as applicable, execution of the final project documents by all required parties with established performance based milestones, reporting requirements and all other required terms and conditions.

If you are interested in continuing discussions with the MEDC about your Project, please sign and date this letter and return to the MEDC by October 13, 2020 or this letter of interest will expire. Additionally, Projects that fail to receive an MEDC recommendation which results in MSF approval of an award by June 11, 2021 may be reconsidered against the community development project pipeline.

Thank you for the opportunity to review your Project. If you have any questions, please contact me any time at (616) 430-0280 or by email at devriess1@michigan.org.

Sincerely,

DocuSigned by:

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Sue DeVries, Community Assistance Team Specialist
Michigan Economic Development Corporation

The Applicant acknowledges the above and is interested in continuing discussions with the MEDC.

Applicant:

DocuSigned by:

Mitchell Foster

10/5/2020

Date:

City of Ludington ("Applicant")

By: Mitch Foster

Its: Community Development Director

cc: Sarah Rainero, Community Assistance Team Regional Director
Mary Kramer, MCRP, Brownfield and Smart Zone Manager
Christine Whitz, Community Development Block Grant Director
Louis Vinson III, Senior Program Specialist, CDBG
Lisa Edmonds, Program Specialist MCRP and Brownfield
Deborah Stehlik, Commercial Real Estate Investment Manager
Marilyn Crowley, Vice President, Investment, Michigan Community Capital
Heather Tykoski, Community Development, City of Ludington
Sharon Cassidy, Community Assistance Team Administrative Assistant