

## **STRATEGIC SITE READINESS PROGRAM GUIDELINES**

### **Program Overview**

The Strategic Site Readiness Program (the “SSRP”) provides financial incentives to Eligible Applicants to conduct Eligible Activities on, or related to, Strategic Sites and Mega-Strategic Sites in Michigan, for the purpose of creating a state-wide inventory of investment-ready sites to attract and promote investment in Michigan. Administered by the Michigan Economic Development Corporation (the “MEDC”) on behalf of the Michigan Strategic Fund (the “MSF”), the SSRP provides access to grants, loans, and other economic assistance.

### **Definitions**

#### ***Eligible Applicant***

An applicant for an SSRP award must be an Eligible Applicant. An Eligible Applicant means one or more the following:

- 1) A political subdivision of Michigan, including without limitation, a county, city, village, township, charter township, or instrumentality of any of the foregoing;
- 2) A local economic development corporation or similar authority;
- 3) A person who is the owner of the site for which the improvements are proposed but is not its End User, provided that person must apply jointly with an Eligible Applicant under 1) or 2) above;
- 4) If identified, a person that is or will be the End User of a site.

#### ***End User***

End User means with respect to a site that is the subject of an SSRP application, the person, either directly or through an affiliate, that will establish and operate the manufacturing or other commercial enterprise that constitutes the end use of the improved site.

#### ***Eligible Activities***

Eligible Activities mean one or more of the following for an applicable site, as approved by the MSF Board:

- Land acquisition and assembly;
- Site preparation and improvement;
- Infrastructure improvements that directly benefit the site, including without limitation, transportation, infrastructure, water and wastewater infrastructure, and utilities necessary to service the site;
- Any demolition, construction, alteration, rehabilitation, or improvement of buildings on the site;
- Environmental remediation
- Architectural, engineering, surveying, and other predevelopment work required to commence construction on site improvements; or
- To develop a spending plan and proposal for capital investment in site readiness; or

An Eligible Applicant may enter subgrant agreements with other entities as necessary and expedient to implement the Eligible Activities.

#### ***Strategic site***

Strategic Site means a site, whether publicly or privately owned, that is, or subsequent to a proposed acquisition will be, used for manufacturing or another commercial use.

#### ***Mega-strategic site***

A Mega-Strategic Site means a Strategic Site that is or will be used for a large industrial site.

### ***Qualified Job***

Qualified Job means a job performed by an individual who is a resident of this state whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the employer, or by an individual who is not a resident of this state and is employed by a business at a project location that is located in this state, as determined and verified by the MSF.

### **Application Process and Evaluation Criteria**

#### ***Application for SSRP Awards***

Eligible Applicants may submit applications for funding under the SSRP. Applications will be evaluated using the considerations and criteria set forth in the SSRP Guidelines.

#### ***General Criteria for SSRP Awards***

Section 88t(3) the MSF shall consider and document, at a minimum, all of the following criteria to the extent reasonably applicable as reasonably determined by the MSF Board to the type of project proposed, the MSF shall consider and document at least all of the following criteria before approving an application or entering into a written agreement for a grant, loan, or other economic assistance under the SSRP:

- The importance of the project or Eligible Activities to the community in which is located and the State of Michigan;
- If the project will act as a catalyst for additional revitalization of the community where it is located and the State of Michigan;
- The amount of local community and financial support for the project;
- The amount of any other economic assistance or support provided by Michigan for the project;
- The amount of any other economic assistance or support provided by the federal government for the project, including without limitation, federal appropriations or tax credits;
- The amount of any private funds or investments for the project, including the Eligible Applicant's own investments in the project;
- The Eligible Applicant's financial need for a grant, loan, or other economic assistance under the SSRP;
- The extent of reuse of vacant buildings, public or private, reuse of historic resources and redevelopment of blighted property;
- Creation or retention of Qualified Jobs as a result of a technological shift in product or production at the project location and within Michigan;
- Whether and how the project is financially and economically sound;
- Whether and how the project converts abandoned public buildings to private use;
- Whether and how the project promotes sustainable development;
- Whether and how the project involves the rehabilitation of a historic resource;
- Whether and how the project addresses areawide redevelopment;
- Whether and how the project addresses underserved markets of commerce;
- The level and extent of environmental contamination;
- Whether and how the project will compete with or affect existing Michigan businesses within the same industry;
- Whether and how the project's proximity to rail and utility will impact the performance of the project and will maximize energy and logistics needs in the community in which it is located, and in Michigan;
- The risk of obsolescence that the project, products, and investments in the future;
- The overall return on investment to Michigan;

- Whether the proposed Strategic Site or Mega-Strategic Site is incorporated into a strategic plan of a political subdivision of the State of Michigan;
- and
- Any other additional criteria approved by the MSF Board that are specific to each individual project, and consistent with the purpose of the SSRP.

***Specific Criteria for a Strategic Site where an End User has not been identified:***

Section 88t(5) of the MSF Act requires the MSF to consider and document the following additional criteria as reasonably determined by the MSF before approving a grant, loan, or other economic assistance for a strategic site for which an End User has not been identified:

- Each of the General Criteria for consideration of all SSRP awards listed above;
- The degree to which the proposed site demonstrates a high level of competitiveness for future development, considering and documenting all of the following:
  - Whether the proposed site is currently assembled;
  - Whether the proposed site is under site control; and
  - Whether the proposed site is of a size, configuration, location, and condition that makes the site substantially ready for marketing and competitive for development upon completion of the SSRP award, and demonstrated matching contributions;
- Whether the proposed investment will result in the elimination of blight and the remediation of environmental contamination;
- The degree of local matching contributions;
- Whether the SSRP award will promote geographic equity in the distribution of funds among different areas of Michigan;
- Whether the Eligible Applicant has pursued all available cost-containment measures; and
- Whether the application contains a site assessment and investment proposal developed pursuant to the SSRP Guidelines

Each site receiving funding under Section 88t(5) shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

***Specific Criteria for a Mega-Strategic Site where an End User has not been identified:***

Section 88t(6) of the MSF Act requires the MSF to consider and document the following additional criteria as reasonably determined by the MSF before approving a grant, loan, or other economic assistance for a mega-strategic site for which an End User has *not* been specifically identified:

- Each of the General Criteria for consideration of all SSRP awards listed above;
- The degree to which the proposed site demonstrates a high level of competitiveness for future development, considering and documenting all of the following:
  - Whether the proposed site is currently assembled;
  - Whether the proposed site is under site control; and
  - Whether the proposed site is of a size, configuration, location, and condition that makes the site substantially ready for marketing and competitive for development upon completion of the SSRP award, and demonstrated matching contributions;
- Whether the proposed Mega-Strategic Site is supported by a strategic analysis supports the demand for the proposed site;
- The feasibility of proposed land acquisition;
- Utility and transportation availability and the feasibility of necessary utility and transportation improvements;
- Workforce availability and training capability;

- Environmental and topographical conditions and the feasibility of necessary site improvements to address environmental and topographical conditions; and
- Whether the proposal is consistent with the MSF's mega-strategic site strategic plan

In making an award for a Mega-Strategic Site without a specifically identified End User, the MSF, working in collaboration with the Eligible Applicant, shall prepare a Mega-Strategic Site investment strategy and spending plan that details the sequence and cost of anticipated investments in the selected site, the benchmarks for bringing the Mega-Strategic Site to a marketable condition, and the marketing strategy for the Mega-Strategic Site. Each plan must have the objective of establishing a certified Mega-Strategic Site under a nationally recognized third-party certification program. Each site receiving funding under Section 88t(6) shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

***Specific Criteria for a Strategic Site and a Mega-Strategic Site where an End User has been identified:***

Section 88t(7) of the MSF Act requires the MSF to consider and document the following additional criteria as reasonably determined by the MSF before approving a grant, loan, or other economic assistance for a Strategic Site and a Mega-Strategic Site for which an End User has been specifically identified:

- Each of the General Criteria for consideration of all SSRP awards listed above;
- The strategic economic importance of the project to the community where it is located and Michigan;
- Whether the financial assistance is needed to secure the project in Michigan;
- The degree to which the project is a priority for the local governmental unit or local economic development corporation in the jurisdiction of which the site is located;
- The level of creation or retention of Qualified Jobs as a result of a technological shift in product or production;
- Whether the Qualified Jobs created or retained as a result of a technological shift in product or production equal or exceed the average wage for the county in which the project is located;
- The level of capital investment; and
- The evidence of the End User's commitment to the site.

***Evaluation Criteria for Redevelopment of Landfill Facilities***

Public Act 94 of 2022 authorized the MSF to make grants to Eligible Applicants to remediate or redevelop landfill facilities for future economic development. The MSF shall give priority to projects that meet all of the following criteria:

- The site was used as a landfill and contains solid waste placed on or under the property;
- The site has not been actively used for solid waste in the immediately preceding 15 years;
- The current owner of the site did not cause or contribute to the solid waste disposal at the site;
- The current owner of the site has agreed to contribute an amount equal to at least 10% of the total grant amount toward necessary environmental remediation costs;
- Private investment into the project will total at least \$15,000,000, exclusive of environmental remediation costs; and
- Projects that can be initiated in the immediate near-term following award.

Each site receiving funding under this section shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

### **Application Process and Evaluation Criteria for Awards to Local Economic Development Organizations**

Section 88t(11) of the MSF Act authorizes the MSF to make grants and provide technical assistance to local economic development organizations for the purposes of creating an inventory of development-ready sites, provided that the inventory shall utilize nationally recognized criteria to identify the readiness of those sites for improvement. The MSF shall consider the following criteria for applications received from Eligible Applicants for funding under section 88t(11):

- Whether the Eligible Applicant has a project plan or spending plan for the intended use of funds with target outcomes and schedule, including subgrants necessary to implement the Eligible Activities;
- Whether the Eligible Applicant has identified, or intends to identify, sites that meet location initial screening criteria of transportation and workforce availability, as appropriate for site size ranges;
- Whether the availability of energy and utilities is included as a screening factor for identifying sites;
- For identified sites, known acquisition cost and likelihood of acquisition;
- Whether the Eligible Applicant has sites identified that are brownfields or blighted property with potential for reuse.

For the funds appropriated to the SSRP by Public Act 94 of 2022 for the purpose of making awards under Section 88t(11), grant awards will be made distributed by prosperity region using a population-based formula. Each site receiving funding under Section 88t(11) shall be submitted to the MEDC for inclusion in a statewide inventory of large strategic sites.

### **Written Agreements**

All MSF support is subject to available funding, completion of due diligence the results of which are satisfactory to the MEDC, and shall be memorialized by a final written agreement, with terms and conditions relating to the award as determined by the MSF board, in accordance with state law, these guidelines and otherwise satisfactory to the MSF, including, without limitation:

- Specific dates and benchmarks for the Eligible Applicant to receive a grant, loan, or other economic assistance from the SSRP, including conditions for the disbursement of funds in installments; provided that disbursements are not permitted to an Eligible Applicant that has not fully repaid all money subject to clawback required to be repaid under a specific repayment provision in a written agreement under the SSRP or if the Eligible Applicant is in default on any grant, loan, investment, or other economic assistance made or guaranteed by the State of Michigan.
- For an SSRP award provided to a person identified as the End User of the site, a clawback and specific repayment provision if the person fails to comply with the provisions of the written agreement.
- A provision that all money that is subject to clawback or required to be repaid under a specific repayment provision must be paid within 90 days of notification by the fund. Any amounts not paid within that 90-day period are subject to a penalty of 1% per month, prorated on a daily basis. A provision that the State of Michigan shall have a security interest as defined in section 1201(2)(ii) of the uniform commercial code, 1962 PA 174, MCL 440.1201, to the extent of the grant, loan, or other economic assistance provided under this program. This provision does not apply if it conflicts with any contractual obligation of the Eligible Applicant or any federal or state bankruptcy or insolvency laws.
- An audit provision that requires the MSF to verify that the established benchmarks for the project have been met.

- A provision that the Eligible Applicant will provide the data described in the written agreement that is necessary for MSF to report to the legislature as required under the SSRP; and
- Other provisions requiring periodic reporting of data, and any other information required to facilitate reporting to the MSF and the Michigan legislature, including periodic reporting after completion of a project.