



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
LBRF COMMITTEE MEETING
TUESDAY, MARCH 22, 2023
3:30 PM**

COMMITTEE MEMBERS PRESENT: Pamela McClain
Maggie DeSantis

COMMITTEE MEMBERS ABSENT: Raymond Scott

OTHERS PRESENT: Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Monika McKay-Polly (DEGC/DBRA)
Glen Long (DEGC)
Kurt Hines (Marigold Houses, LLC)
Anne Jamieson (Jamieson Consulting)
Ponce Clay (DBRA-CAC)
iPhone

CALL TO ORDER

Ms. McClain, as LBRF Committee Chair, called the meeting to order at 3:30 PM.

Ms. Kanalos took a roll call of the DBRA LBRF Committee Members present and a quorum was established.

GENERAL

Minutes of the October 27, 2021 LBRF Committee Meeting:

Ms. McClain called for a motion to approve the minutes of the October 27, 2021 LBRF Committee meeting.

Ms. McClain made a motion to approve the minutes of the October 27, 2021 LBRF Committee meeting.

Ms. DeSantis seconded the motion.

A roll call vote was conducted with the following result:

Ayes: Ms. McClain

Nays: None.

Abstentions: Ms. DeSantis

The minutes of the October 27, 2021 LBRF Committee meeting were approved.

Proposed Local Brownfield Revolving Fund Grant and Loan Request for Marigold Houses, LLC for 3200 Tyler Project

Mr. Vosburg presented the Local Brownfield Revolving Fund Loan Modification Request for Riopelle Market Development LP for the Mosaic Eastern Market Project to the LBRF Committee.

Marigold Houses, LLC, (the "Developer") is development team led by Kurt Hines. The Developer is seeking to redevelop a vacant 15-unit apartment building on a single parcel of land at 3200 Tyler into a restored 15-

unit apartment building (the "Project") with an estimated Project cost of approximately \$1.5 Million. The Developer is currently seeking brownfield incentives for the Project and the Project's 3200 Tyler Brownfield Plan (the "Brownfield Plan") is scheduled to be considered by the City of Detroit Brownfield Redevelopment Authority ("DBRA") Board of Directors for approval on March 22, 2023 and to be voted on by City Council at a future date. Work Plan approval via delegate approval would be able to occur approximately one to two months after City Council approval for the Michigan Strategic Fund (the "MSF").

In furtherance of the Project, the Developer has also received approval for loan funding from Horizon Bank in the amount of \$761,300 and the Developer will be providing \$311,863 in cash equity, \$114,581 in land & building contribution, and \$45,000 in deferred developer fees. However, due to the significant amount of brownfield eligible activities identified at the Project site, Developer is seeking a grant in the amount of \$100,000 (the "Grant") and a loan in the amount of \$159,000.00 (the "Loan") from the DBRA's Local Brownfield Revolving Fund (the "LBRF").

The Grant and Loan proceeds will be used to reimburse the Developer for Brownfield eligible costs. These funds will support a \$1.5 million renovation of a 2 story, 15-unit apartment building with significant green features such as bioswales & rain gardens, sealing and insulation that greatly exceeds building codes, as well as all-electric high-efficiency HVAC systems and appliances. \$473,776 in Brownfield TIF revenue is projected to be captured for eligible activities which include environmental studies, demolition, lead & asbestos abatement, site preparation, public infrastructure, green stormwater systems, and brownfield and work plan preparation.

Furthermore, this Project brings back to life a notable vacant apartment building in the neighborhood near the intersection of Davison & Dexter in the Dexter Linwood neighborhood. It is projected to create 77 construction jobs and 2 FTEs permanent jobs.

Under the LBRF, funds are available to developers to use for only brownfield plan eligible activities with approved brownfield plans. Grants are available for government, non-profit and Detroit headquartered developers. Loans and grants are available for all eligible activities on eligible property defined under Michigan Public Act 381 of 1996, as amended.

Please find below the proposed terms of the DBRA Grant and Loan, and a Sources and Uses table.

Grantee/Borrower Name:	Marigold Houses, LLC
Grantee/Borrower Location:	3200 Tyler, Detroit MI 48238
Request:	Grant: \$100,000.00 Loan: \$159,000.00
Fee:	1% of the Grant and Loan amount due at application.
Interest Rate:	1.0% per annum
Loan Term:	10 years, amortized over 25 years.
Loan Repayment:	Interest only payments for years 1-3, principal & interest years 4-10. Balloon payment at end of term.
Loan Security:	First lien position on Brownfield TIF revenue. Brownfield TIF will have an estimated value of \$476,698 with the Brownfield Plan.
Loan Guaranty:	Personal Guaranty of Kurt Hines.
Eligible Uses:	Eligible activities identified in the Brownfield Plan including environmental studies & investigation, demolition, lead &

asbestos abatement, infrastructure (including green storm water systems), site preparation, brownfield & work plan preparation & implementation.

Disbursement:

Owner will first make equity contributions of at least \$187,000 before Loan and Grant funds are disbursed. DBRA will disburse Grant and Loan funds no more frequently than on a monthly basis to reimburse the Developer for requested Brownfield Plan eligible expenses.

Conditions:

(i) Satisfactory review and acceptance of standard due diligence items; (ii) Binding commitments for construction loan(s); (iii) Evidence of minimum \$180,000 equity investment for the Project prior to Grant and Loan funding; (iv) Developer shall have received approval of the Brownfield Plan and the Work Plan by the DBRA, the City of Detroit, and the MSF, as applicable; (v) Developer will provide itemized schedule and use of funds; and (vi) Execution of mutually acceptable loan and grant documents.

TOTAL SOURCES		
Senior Debt		
Horizon Bank	\$761,300	51.05%
DBRA LBRF Loan	\$159,000	10.66%
Subordinate Debt/Grants		
DBRA LBRF Grant	\$100,000	6.70%
Deferred Fees/Cash Equity		
Deferred Developer Fees	\$45,000	3.02%
Cash Equity Owner	\$311,863	20.91%
Land/Building Contribution by Owner	\$114,581	7.68%
TOTAL DEVELOPMENT SOURCES	\$1,491,774	100.0%

ELIGIBLE USES OF \$259,000 LBRF GRANT & LOAN FUNDS FROM BROWNFIELD PLAN	
Eligible Costs	
Environmental Studies & Investigations	\$2,500
Demolition	\$74,700
Lead & Asbestos Abatement	\$85,355
Site Preparation	\$33,360
Infrastructure Improvements (incl. Green Stormwater Systems)	\$166,757
Brownfield & Work Plan Preparation & Implementation	\$60,000
15% Contingency	\$54,026
TOTAL AVAILABLE ELIGIBLE LBRF USES	\$476,698

The DBRA staff now seeks DBRA LBRF Committee recommendation of the approval of the proposed Grant and Loan to the DBRA Board of Directors consistent with the terms noted above.

Ms. DeSantis asked for clarification on which lender has first position for the TIF under the Plan. Mr. Vosburg stated that the DBRA would be in first position on only the LBRF Loan and would be first in line

for the TIF under the Plan in the case of a default of the Developer on the LBRF Loan and that Horizon Bank will not use the TIF as collateral for the loan and will instead have a lien position on the Property.

Mr. Hines provided more information on the financing for the project from Horizon Bank and that Horizon Bank is not interested in a first position on the TIF under the Plan.

Ms. McClain asked if there are affordable housing units included in the project. Mr. Hines stated that all of the residential units will be affordable at 55-60% of the Area Median Income (AMI).

Citing no further discussion, Ms. McClain called for a motion recommending support for Proposed Local Brownfield Revolving Fund Grant and Loan Request for Marigold Houses, LLC for 3200 Tyler Project, as presented. The Committee took the following action:

Ms. DeSantis made a motion recommending support for the Proposed Local Brownfield Revolving Fund Grant and Loan Request for Marigold Houses, LLC for 3200 Tyler Project, as presented. Ms. McClain seconded the motion. A roll call vote was conducted with the following result:

Ayes: Ms. McClain Ms. DeSantis

Nays: None.

The committee members present unanimously recommended approval of the Proposed Local Brownfield Revolving Fund Grant and Loan Request for Marigold Houses, LLC for 3200 Tyler Project, as presented.

OTHER

None.

PUBLIC COMMENT

None.

ADJOURNMENT

Citing no further business, Ms. McClain called for a motion to adjourn the meeting. Committee members present unanimously approved adjournment at 3:42 PM.