



DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, MAY 8, 2019 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI

COMMITTEE MEMBERS
PRESENT:

Rick Blocker
Kamal Cheeks
Simone Sagovac
Allen Rawls
Dr. Regina Randall

COMMITTEE MEMBERS
ABSENT:

Michelle Lee
Brad Lutz
Rico Razo
Sandra Stahl

OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Danny Samson (Sterling Group)
Emery Matthews (Real Estate Interests LLC)
Tom Wackerman (ASTI Environmental)
Elie Torgow (Sterling Group)
Donnell White (Chemical Bank)
Sean O'Brien (Chemical Bank)
Elizabeth Masserang (PM Environmental)



Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:09 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the March 13, 2019 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Blocker, seconded by Dr. Randall, DBRA-CAC Resolution Code 19-05-02-139, approving the March 13, 2019 CAC minutes, as presented, was unanimously approved.

Projects

Brownfield Plan for Chemical Bank Headquarters

Mr. Vosburg introduced the Brownfield Plan for Chemical Bank Headquarters to the CAC members present.

Project Introduction

GPC Adams, LLC, a Sterling Group affiliate on behalf of Chemical Bank, is the project developer (the "Developer") for the Plan which entails the demolition of the current ten-story building in order to facilitate construction of Chemical Bank's new headquarters. The building will be approximately twenty stories tall and will include ground-level commercial space with ten stories of parking and nine office stories. Chemical Bank will occupy six to seven stories within the building and plans to expand into the remaining floors or lease to other office tenants. The ground floor is proposed to house a bank branch and/or an additional retail tenant.

The total construction costs are estimated to be \$71 million. The Developer is requesting \$37,096,150.00 in TIF reimbursement, however only \$16,700,793.00 in TIF Reimbursement is projected to be captured for the life of the Plan.

There will be 380 temporary construction jobs and 300 FTE jobs. The 380 temporary construction jobs are expected to be created over a 2-year period once construction begins. The 300 FTE jobs may include the relocation of existing Chemical Bank employees to the City of Detroit.

Property Subject to the Plan

The eligible property (the "Property") consists of two (2) parcels located in Detroit's Central Business District, bounded by West Elizabeth Street to the North, Woodward Avenue to the East, an alley to the South, and the property line of 44-48 West Adams to the West.

Basis of Eligibility

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) the Property is currently utilized for a commercial purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is determined to

be functionally obsolete and/or is adjacent and contiguous to a functionally obsolete property as defined by Act 381.

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include pre-approved activities, demolition and asbestos abatement, site preparation activities, infrastructure activities, and the preparation and implementation of a brownfield plan and 381 work plan. The eligible activities and budgeted costs are intended as part of the development of the Property and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to commence within 18 months of approval of the Plan and be completed within 3 years.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

COSTS TO BE REIMBURSED WITH TIF

1. Environmental Assessments	\$5,000.00
2. Demolition	\$2,070,368.00
3. Lead and Asbestos Activities	\$121,550.00
4. Infrastructure Improvements	\$29,299,299.00
5. Site Preparation	\$709,783.00
6. Brownfield Plan & Act 381 Work Plan	\$30,000.00
7. Cost Tracking Compliance	\$30,000.00
8. Contingency (15%)	\$4,830,150.00
*Total Reimbursement to Developer	\$37,096,150.00
9. Authority Administrative Costs	\$2,575,372.00
10. State Brownfield Redevelopment Fund	\$1,821,662.00
11. Local Brownfield Revolving Fund	\$0.00
TOTAL Estimated Costs	\$41,493,184.00

*Developer is only projecting to receive \$16,700,493 in TIF Reimbursement

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

Other Incentives

The Developer is seeking additional incentives, which will include local and/or state approval of Commercial Rehabilitation Act (CRA) PA 210 Tax Abatement.

Attached for your review and approval are three (3) resolutions: 1.) a resolution supporting the Plan in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Torgow provided more detail on the changes to the Plan and why Sterling Group is now the Developer for the Plan.

Mr. O'Brien stated that the Developer has selected Neumann/Smith as the architect for the Project and The Colasanti Group with MiG Construction as a Joint Venture as the General Contractor for the Project.

Ms. Sagovac asked if the Developer has engaged with the businesses surrounding the Project. Mr. O'Brien stated that the Developer has received ten letters of support for the Project from businesses in the area.

Ms. Sagovac asked how many parking spaces are included in the Project. Mr. O'Brien stated that there will be approximately 300 parking spaces included in the Project.

Mr. Rawls asked if there are any environmentally friendly features included in the Project. Mr. O'Brien stated that the Project will not seek LEED certification, but there will be significant green features of the Project including high-efficiency lighting, light timers, and occupancy sensors for both lighting and the HVAC system to mention just the lighting and HVAC features. Mr. Rawls stated that it is apparent just from that list that environmentally friendly features will be a significant

Mr. Blocker asked if the Project is part of the Little Caesars development. Mr. O'Brien stated that the Project is separate from the Little Caesars development.

Mr. Blocker asked what kind of jobs are included in the 300 FTE jobs to be created by the Project. Mr. O'Brien stated that the 300 FTE jobs will be a variety of positions, but a large percentage will be bank management positions.

Mr. Cheeks asked why there is a difference between the amount of TIF being requested and the amount of TIF projected for the Project. Mr. Vosburg stated that the amount of TIF being projected is dependent upon the tax assessments for the Property, the requested tax abatement will affect the amount of TIF generated by the Project, and the eligible expenses exceed the amount of TIF projected for the Project.

Mr. Rawls asked what the Developer has done to reach out to Detroit-based businesses for the Project. Mr. O'Brien stated that the Developer has worked with the D2D program and held a meeting which was attended by approximately 150 people. The Developer has also stressed to its General Contractor the need for Detroit-based businesses to be a part of the project.

Mr. Rawls asked if the Project is subject to the City of Detroit Executive Orders. Mr. Vosburg confirmed that the Project is subject to the City of Detroit Executive Orders.

Mr. Rawls called for a motion recommending approval of the Brownfield Plan for Chemical Bank Headquarters.

Mr. Blocker motioned to recommend approval of the Brownfield Plan for Chemical Bank Headquarters without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. DBRA-CAC Resolution Code 19-05-265-01, recommending approval of the Brownfield Plan for Chemical Bank Headquarters was unanimously approved.

Second Amended and Restated Brownfield Plan for 3750 & 3800 Woodward

Ms. Kanalos introduced the Second Amended and Restated Brownfield Plan for 3750 & 3800 Woodward to the CAC members present.

Project Introduction

3750 Woodward Avenue, LLC, is the project developer (the “Developer”) for the Plan Amendment which includes two parcels located at 3750 and 3800 Woodward Avenue. The Plan Amendment includes the completed rehabilitation of a 12-story structure for residential and commercial use (The Plaza), located on the parcel with the address 3800 Woodward Avenue. No additional redevelopment is anticipated for this parcel.

The project to be completed at 3750 Woodward Avenue will include the construction of a hotel, housing units targeted toward students, multi-family housing, 100,000 square feet of commercial space, public space and a 700-space parking structure. The hotel will include approximately 225 rooms. The residential component will include 180 multi-family units of which 36 will be affordable, 198 housing units targeted toward students, and 60 condominiums. It is anticipated that 1,300 temporary construction jobs and 400 permanent FTE jobs will be created as a result of this project.

Total investment is estimated to be \$320M. The developer is seeking \$58M in tax increment financing (TIF) reimbursement for eligible activities under the Plan Amendment.

Property Subject to the Plan

The eligible property (the “Property”) consists of two (2) parcels located at 3750 and 3800 Woodward Avenue generally East Alexandrine Street to the north, John R Road to the east, Mack Avenue to the south and Woodward Avenue to west in Detroit’s Midtown district.

Basis of Eligibility

The Property is considered “eligible property” as defined by Act 381, Section 2 because (a) the Property was is currently utilized for a commercial purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property subject to the Plan Amendment is determined to be a facility in accordance to Part 201 of Act 451.

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include demolition, lead and asbestos abatement, infrastructure improvements, site preparation, baseline environmental assessment, due care activities, additional response activities and brownfield plan and work plan preparation and implementation. The eligible activities and budgeted costs are intended as part of the development of the Property and will be financed solely by the Developer. The Authority is not responsible for any costs of eligible activities and will incur no debt. The eligible activities are estimated to commence within 18 months of approval of the Plan and be completed within 3 years.

Tax Increment Financing (TIF) Capture

The Developer desires to be reimbursed for the costs of eligible activities. Tax increment revenue generated by the Property will be captured by the DBRA and used to reimburse the cost of the eligible activities completed on the Property after approval of this Plan pursuant to the terms of a Reimbursement Agreement with the DBRA.

COSTS TO BE REIMBURSED WITH TIF

Description of Eligible Activities	Eligible Expenses	Estimated Capture
1. Demolition	\$ 416,220	\$ 416,218
2. Lead and/or Asbestos Abatement	\$ 250,000	\$ 249,999
3. Infrastructure Improvements	\$ 32,784,738	\$ 32,784,576
4. Site Preparation	\$ 17,391,718	\$ 17,391,632
5. Baseline Environmental Assessment	\$ 112,350	\$ 112,349
6. Due Care Activities	\$ 2,000	\$ 2,000
7. Additional Response Activities	\$ -	\$ -
8. Contingency (15%)	\$ 7,468,028	\$ 7,467,991
<i>Subtotal Site Eligible Activities</i>	<i>\$ 58,425,054</i>	<i>\$ 58,424,765</i>
9. Brownfield/Work Plan Preparation	\$ 60,000	\$ 60,000
Total Eligible Activities	\$ 58,485,054	\$ 58,484,765
10. Interest to Developer		\$ -
11. DBRA Administrative Costs		\$ 2,471,769
12. Local Brownfield Revolving Fund		\$ 2,205,114
13. State Brownfield Fund		\$ -
Total Estimated Cost to be Funded Through TIF		\$ 63,161,648

The actual cost of those eligible activities encompassed by this Plan that will qualify for reimbursement from tax increment revenues of the DBRA from the Property shall be governed by the terms of the Reimbursement Agreement.

Other Incentives

The Developer is seeking additional incentives including a commercial rehabilitation act abatement (PA 210) and a Neighborhood Enterprise Zone (NEZ).

Attached for your review and approval are three (3) resolutions: 1.) a resolution supporting the Plan in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Matthews provided additional information about the project.

Mr. Blocker asked if the condominium units in the Project will be for sale and where they will be located in the development. Mr. Matthews stated that the condominium units will be for sale and that 60 units will be located above the planned hotel and 150 units will be located in the back of the development.

Dr. Randall asked if there has been support from the community for the Project. Ms. Kanalos stated that the Project is subject to the Community Benefits Ordinance (CBO) and that there will be a Community Benefits Agreement proposed to the Neighborhood Advisory Committee at the

end of the CBO process. Mr. Matthews stated that well before the CBO process started, the development team has been talking to numerous neighborhood groups about the project.

Mr. Rawls asked who has been attending the CBO meetings. Mr. Matthews stated that the members of the Neighborhood Advisory Committee and many other members of the community have been attending the CBO meetings.

Mr. Cheeks asked if the green roofs in the renderings will be part of the Project and why there isn't as much greenery in the public areas included in the Project. Mr. Matthews stated that the green roofs will be included in the Project, but due to high volume of use in the ground level public areas, grass is not an option.

Mr. Cheeks asked if only one level of parking underground will be sufficient for the Project. Mr. Matthews stated that there will be a significant amount of above-ground parking as part of the Project and that only one level of underground parking is planned due to the high cost of constructing underground parking.

Mr. Rawls asked how the Project plans to manage storm water. Mr. Matthews stated that there will be storm water retention and processing features included in the Project to handle the storm water before it is released into the DWSD system.

Mr. Rawls asked who the architects and engineers are for the Project. Mr. Matthews stated that the master architect for the Project is In Form Design and the architect for the hotel is DLR Group, Walsh Group is the pre-construction manager, Rockford Construction is the development manager, and the construction manager has not yet been selected. Mr. Matthews also stated that the Developer will comply with the City of Detroit Executive Orders and will be proactively reaching out to Detroit-based contractors.

Mr. Rawls asked which hotel flag will be included in the Project. Mr. Matthews stated that he is not able to announce which hotel flag will be included in the Project. It will be a boutique brand with a parent company that everyone will recognize.

Mr. Rawls asked what the sale price for the condominium units will be. Mr. Matthews stated that the condominium units will be priced at \$650 per square foot and the rental units will be priced at \$2.50 per square foot for the market rate units and below \$2.00 per square foot for the affordable housing units. Mr. Matthews also stated that the co-living units will have private bedrooms and bathrooms, but will share a common space with some units priced to 60% AMI

Mr. Cheeks asked what kind of jobs are to be included in the projected 400 FTE jobs for the Project. Mr. Matthews stated that approximately 200 FTE jobs will be in connection with the hotel, 5-6 FTE jobs will be in connection with the residential units, and the remainder of the FTE jobs will be in connection with the planned retail space.

Mr. Rawls asked if there will be a restaurant in the planned hotel. Mr. Matthews confirmed that a restaurant is planned to be included in the hotel and that the retail space is expected to include a mix of sit-down and casual restaurant spaces as well as some convenience retail options including a grocery store for the residents and surrounding community.

Ms. Sagovac asked if the community has asked for anything in addition to the public space included in the Project. Mr. Matthews stated that the community has requested green space to be included in the Project as well as some of the commercial space to be reserved for local small

businesses. The Developer is currently waiting for the formal requests from the Neighborhood Advisory Committee as part of the CBO process for more details on what is desired by the neighborhood and what could be supported by the Development.

Mr. Rawls called for a motion recommending approval of the Second Amended and Restated Brownfield Plan for 3750 & 3800 Woodward.

Mr. Cheeks motioned to recommend approval of the Second Amended and Restated Brownfield Plan for 3750 & 3800 Woodward without a CAC public hearing and without appointing special members. Mr. Blocker seconded the motion. DBRA-CAC Resolution Code 19-05-197-03, recommending approval of the Second Amended and Restated Brownfield Plan for 3750 & 3800 Woodward was unanimously approved.

Administrative

Ms. Kanalos informed the committee that staff training has begun for the new cloud-based agenda and program. Staff will be working over the next few weeks to learn about the program and determine the best way to post the agenda and book to the new program. There will be training lasting about 15 minutes at a future meeting.

Other

None.

Public Comment

None.

Adjournment

Citing no further business, Mr. Rawls adjourned meeting at 6:02 PM.



CODE DBRA CAC 19-05-02-139

APPROVAL OF MINUTES OF MARCH 13, 2019

RESOLVED, that the minutes of the regular meeting of March 13, 2019 are hereby approved and all actions taken by the members present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Community Advisory Committee of the Detroit Brownfield Redevelopment Authority.

May 8, 2019



CODE DBRA-CAC 19-05-265-01

CHEMICAL BANK BROWNFIELD REDEVELOPMENT PLAN

WHEREAS, pursuant to 381 PA 1996, as amended (“Act 381”), the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) has been established by resolution of the City Council of the City of Detroit (the “City”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Chemical Bank Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its January 9, 2019 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt an Brownfield Plan for the **Chemical Bank Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

May 8, 2019



CODE DBRA-CAC 19-05-197-03

SECOND AMENDED AND RESTATED 3750 & 3800 WOODWARD BROWNFIELD REDEVELOPMENT PLAN

WHEREAS, pursuant to 381 PA 1996, as amended ("Act 381"), the City of Detroit Brownfield Redevelopment Authority (the "DBRA") has been established by resolution of the City Council of the City of Detroit (the "City") for the purpose of promoting the revitalization of environmentally distressed areas in the City; and

WHEREAS, under Act 381, the DBRA is authorized to develop and propose for adoption by City Council a brownfield plan for one or more parcels of eligible property; and

WHEREAS, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Chemical Bank Project (the "Plan") to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its May 8, 2019 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt a Second Amended and Restated Brownfield Plan for the **3750 & 3800 Woodward Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

May 8, 2019