



Detroit Brownfield Redevelopment Authority
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**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, AUGUST 8, 2018
4:00 PM**

BOARD MEMBERS PRESENT:

John George
Pamela McClain
Stephanie Washington
Maggie DeSantis
Sonya Mays

BOARD MEMBERS ABSENT:

Matthew Walters
Ray Scott
Donele Wilkins

OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Ngozi Nwaesei (Lewis & Munday)
Vassilis Jacobs (CitizenDetroit)
Katie Chase (CitizenDetroit)
Bret Stuntz (AKT Peerless)
Amin Irving (Ginosko Development Co.)
Shelby McPherson (VM3)



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MINUTES OF THE DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY REGULAR MEETING
WEDNESDAY, AUGUST 8, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD SUITE 2200 DETROIT, MI – 4:00 PM

CALL TO ORDER

Vice-Chair Maggie DeSantis called the meeting to order at 4:10 PM.

GENERAL

Approval of Minutes:

Ms. DeSantis called for a motion approving the minutes of July 25, 2018 as presented. The Board took the following action:

On a motion by Ms. Mays, seconded by Ms. McClain, DBRA Resolution Code 18-08-02-238 was unanimously approved.

PROJECTS

Brownfield Plan for Lafayette West Redevelopment

Mr. Vosburg presented the Brownfield Plan for the Lafayette West Redevelopment Project.

Project Introduction

Lafayette Acquisition Partners, LLC is the project developer (the “Developer”) for the Plan which entails a comprehensive, mixed-use redevelopment of the site. The current, vacant, obsolete 8-story university building and dilapidated parking lot will be demolished. The redevelopment, Lafayette West, is planned to consist of a 13-story tower, two 4-story residential buildings, and approximately 56 for-sale condominium townhomes. The tower will be serviced by an underground 3-level parking structure and the two midrise buildings will be podium style developments with integrated ground level parking and four stories of apartments atop the parking.

The total investment is estimated to be \$111 million. The Developer is requesting \$28,116,141.00 in TIF reimbursement, however only \$26,356,887.00 in TIF Reimbursement is projected to be captured for the life of the Plan.

There will be 428 temporary construction jobs and 8 FTE jobs. The 428 temporary construction jobs are expected to be created over a 2-year period once construction begins. The 8 FTE jobs may include retail positions, managerial positions, property maintenance staff, and parking attendants.

Property Subject to the Plan

The eligible property (the "Property") consists of one (1) parcel bounded by Rivard to the east, East Lafayette Street to the south, Chrysler Freeway to the west, and the Horatio Williams Center, which is on Antietam Avenue to the north in Detroit's Lafayette Park.

Basis of Eligibility

The Property is considered "eligible property" as defined by Act 381, Section 2 because (a) the Property was previously utilized as commercial as well as industrial purposes; (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 a "facility" 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 environmental assessment activities, due care activities and additional response activities (department-specific activities), demolition and lead and asbestos abatement, site preparation, infrastructure improvements, and development and preparation of a brownfield plan and Act 381 work plan(s). 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. Department Specific Activities	\$4,397,460.00
2. Demolition	\$1,500,000.00
3. Lead and Asbestos Activities	\$515,000.00
4. Site Preparation	\$1,252,500.00
5. Infrastructure Improvements	\$11,865,296.00
6. Brownfield Plan & Act 381 Work Plan	\$30,000.00
7. Cost Tracking Compliance	\$30,000.00
8. Contingency – (15%)	\$2,929,538.00
9. Interest (5% simple, after expiration of abatements)	\$5,596,346.00
*Total Reimbursement to Developer	\$28,116,141.00
10. Authority Administrative Costs	\$2,583,903.00
11. State Brownfield Redevelopment Fund	\$1,472,147.00
12. Local Site Remediation Revolving Fund	\$0.00
TOTAL Estimated Costs	\$32,172,191.00

*Developer is only projecting to receive \$26,356,887 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) and Neighborhood Enterprise Zone (NEZ) Tax Abatements. Attached for your review and approval is a resolution authorizing the Lafayette West Brownfield Plan for submittal to the Community Advisory Committee for consideration and comment within 30 days of their receipt of the proposed Plan. In addition, it authorizes the President of the Detroit Economic Growth Corporation or any person designated by him, as a representative of the DBRA, to conduct a public hearing in the area to which the Proposed Plan applies within the next 30 days. This public hearing may be held jointly with any public hearing conducted by the Community Advisory Committee.

Mr. Irving provided more information about Ginosko Development Co., including that it specializes in multi-family development, owns and operates five other properties in Detroit which are 95% occupied and cumulatively worth \$53 million. Mr. Irving acquired the Property on June 28, 2018.

Mr. Stuntz stated that the proposed Plan aims to reestablish the city grid, coordinate with the design of Lafayette Park, create density along I-375, and that the Property has accumulated contaminated fill materials which will have to be removed from the site.

Ms. Mays stated that she was happy to see a letter of support from Horatio Williams. Ms. Mays asked how parking for the Horatio Williams Foundation will be impacted by the new development. Mr. Irving stated that there will be 5-10 parking spaces reserved for the Horatio Williams Foundation and that other parking is available for the Horatio Williams Foundation as well, including street parking.

Ms. Mays asked if Mr. Irving has had any conversations regarding I-375, whether it will be brought to grade and if it will affect the construction timelines for the project. Mr. Irving stated that he is not sure what will be done with I-375 and that it should not affect the construction timeline for the project as the project will be completed before work begins on I-375.

Mr. George asked if this is the largest development project that Mr. Irving has undertaken. Mr. Irving stated that this is his largest project in terms of investment amount, but that he has other large projects as well, including one in Ecorse, Michigan.

Mr. George asked if there are any Detroit residents working on the project in Ecorse. Mr. Irving stated that he wasn't sure if there are any Detroit residents working on his project in Ecorse, but that his development at 7 Mile Road and Evergreen Road in Detroit complies with the Executive Order.

Ms. DeSantis asked Mr. Irving how the Community Benefits Ordinance is going and if there have been any meetings yet. Mr. Irving stated that the project is going to have its fourth meeting out of six on Thursday, August 9, 2018 and that the main concerns raised have been about parking, time of day for demolition and construction, and which security company will be selected to provide security for the site.

Ms. DeSantis asked if members of the community have been concerned with job creation and availability for Detroit residents. Mr. Irving stated that community members have asked if there will be compliance with Executive Order 2016-1, but that jobs for Detroit residents has not been a main concern raised by members of the community.

Ms. DeSantis asked if the DBRA Board's decision to approve the plan is tied to the results of the Community Benefits Agreement. Ms. Nwaesei stated that the DBRA Board's approval is not tied

to the results of the Community Benefits Agreement and that the DBRA Board approval process is separate, but that does not stop the DBRA Board from making an inquiry as to the results of the Community Benefits Agreement. Mr. Irving added that the proposed Plan will not be presented for approval to Detroit City Council until after the Community Benefits Ordinance process has been completed.

Ms. DeSantis asked the DBRA Board if they thought it was appropriate for them to know the results of the Community Benefits Agreement. Ms. Washington agreed that it would be appropriate.

Ms. DeSantis stated that the DBRA Board should be pushing developers to employ Detroit residents to work on projects in the City of Detroit.

Ms. McClain asked about the difference between how much TIF reimbursement the Developer is requesting and how much is projected to be generated. Mr. Stuntz stated that according to the projections there will not be enough TIF revenue generated to fully reimburse the Developer for all the eligible activities. Mr. Stuntz also added that it is better for the Developers future developments to have strong numbers for jobs for Detroit Residents. Mr. Irving stated that poor job numbers for Detroit residents would not give Ginosko Development Co. a good reputation in the City of Detroit.

Ms. DeSantis asked if the affordable units will be spread across the entire development. Mr. Irving stated that the affordable units will not be located in the for-sale condominiums and that 20% of the rental units will be affordable units at 80% of the Area Median Income (AMI).

Ms. DeSantis stated that Ms. Mays has a development with affordable units priced lower than 80% of the AMI. Mr. Irving asked Ms. Mays if she was using tax credits on her development. Ms. Mays stated that she is not using any tax abatements, little HOME funds, and VAS H vouchers. Mr. Irving stated that if the economy declines, he may look into other options in order to provide more affordable housing units.

Ms. DeSantis asked how the project is funded and how much equity is included in the financing. Mr. Irving stated that the project has 25% equity, 70-75% first mortgage funds, and approximately 5% in various sources of funding from the state and that the TIF reimbursement amount is included in the first mortgage funds calculation.

Ms. DeSantis called for a motion approving the referral of the Lafayette West Brownfield Plan and its submittal to the DBRA-CAC as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. Mays, DBRA Resolution Code 18-08-259-01 was unanimously approved. Ms. DeSantis requested that the Developer provide an update on the Community Benefits Agreement when the proposed Plan is presented to the DBRA Board for approval and referral to Detroit City Council.

ADMINISTRATIVE:

Ms. Kanalos the Report of Actions Taken Under the Delegation of Authority for information only to the DBRA Board. Ms. Mays asked if there was a formal action being requested of the DBRA Board in relation to the Report. Ms. Kanalos stated that there was no formal action being requested of the DBRA Board in relation to the Report.

OTHER

None.

PUBLIC COMMENT

None.

ADJOURNMENT

Citing no further business, Ms. DeSantis called for a motion to adjourn the meeting.

On a motion by Mr. George, seconded by Ms. McClain the meeting was unanimously adjourned at 4:44 PM.



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CODE DBRA 18-08-02-238

APPROVAL OF MINUTES JULY 25, 2018

RESOLVED, that the minutes of the regular meeting of July 25, 2018 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Detroit Brownfield Redevelopment Authority.

August 8, 2018



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CODE DBRA 18-08-259-01

LAFAYETTE WEST BROWNFIELD REDEVELOPMENT PLAN – TRANSMITTAL OF BROWNFIELD PLAN TO THE COMMUNITY ADVISORY COMMITTEE

WHEREAS, pursuant to 381 PA 1996 (“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, under the resolution establishing the DBRA and the bylaws of the DBRA requires the DBRA, prior to the approval of a brownfield plan, submit the proposed brownfield plan to the Community Advisory Committee for consideration and comment and solicit comments by publication of notice that the proposed brownfield plan has been submitted to the Community Advisory Committee and by conducting a public hearing in the area to which the proposed Plan applies.

NOW, THEREFORE, BE IT RESOLVED:

1. The City of Detroit Brownfield Redevelopment Authority acknowledges receipt of the proposed Brownfield Plan for the **Lafayette West Brownfield Redevelopment Plan** (the “Proposed Plan”) and authorizes and directs the Chairperson to cause the Proposed Plan to be transmitted to the Community Advisory Committee for consideration and comment within 30 days of their receipt of the Proposed Plan.

2. The President of the Detroit Economic Growth Corporation or any person designated by him, as a representative of the DBRA, shall conduct a public hearing in the area to which the Proposed Plan applies within the next 30 days. This public hearing may be held jointly with any public hearing conducted by the Community Advisory Committee.

3. The Chairperson is authorized and directed to cause there to be published notice that the Proposed Plan has been submitted to the Community Advisory Committee and of the public hearing to be held pursuant to this resolution.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any Officer or Authorized Agent of the DBRA in the name and on behalf of the DBRA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolution except that such acts were taken prior to execution of these resolution, are hereby in all respects confirmed, approved and ratified.

August 8, 2018