

DBRA

Detroit Brownfield Redevelopment Authority
500 Griswold Street • Suite 2200
Detroit, Michigan 48226
Phone: 313 963-2940
Fax: 313 963-8839

**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, DECEMBER 20, 2017
4:00 PM**

BOARD MEMBERS PRESENT: Maggie DeSantis
John George
Pamela McClain
Ray Scott
Matt Walters
Donele Wilkins
Sonya Mays
Derrick Sanders
Stephanie Washington

BOARD MEMBERS ABSENT:

OTHERS PRESENT: Jennifer Kanalos (DEGC/DBRA)
Ayesha Maxwell (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Elizabeth Brinson (DEGC)
Ngozi Nwaesei (Lewis & Munday)
Nick Maloof (Associated Environmental Service)
Jared Belka (Warner, Norcross & Judd)
Dennis Archer Jr (East Jefferson Dev. Co.)
Kirstie Hardy (AKT Peerless)
Eric Means (Ashton)
Paul Roberts (SME)

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MINUTES OF THE DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY REGULAR MEETING
WEDNESDAY, DECEMBER 20, 2017
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD SUITE 2200 DETROIT, MI - 4:00PM

CALL TO ORDER

Chair Matt Walters called the meeting to order at 4:06 PM.

GENERAL

Approval of Minutes:

Mr. Walters called for a motion approving the minutes of November 8, 2017 as presented. The Board took the following action:

On a motion by Ms. Wilkins, seconded by Ms. McClain, DBRA Resolution Code 17-12-02-226 was unanimously approved.

Acceptance of the October and November 2017 Treasurer's Report

Ms. Brinson presented the October and November 2017 DBRA Treasurer's Report.

Ms. McClain asked for clarification on line item regarding the payment to the Treasurer, City of Detroit. Ms. Kanalos and Mr. Vosburg stated that it was the repayment of school tax capture for a project that had reached its school capture limit.

Mr. Walters called for a motion accepting the October and November 2017 Treasurer's Report.

On a motion by Mr. George, seconded by Mr. Scott, DBRA Resolution Code 17-12-03-169 and 17-12-03-170 was unanimously approved.

PROJECTS

1475 East Jefferson Brownfield Redevelopment Plan

Mr. Vosburg presented the 1475 East Jefferson Brownfield Plan Reimbursement Agreement. PowerPoint slides provided maps and renderings of the project. The development team provided additional information regarding the project's intended use and the history of the project site.

Ms. DeSantis asked if the lease was secured with Meijer and the developer stated that the lease has been finalized, however the store will not be named Meijer but will be operated by Meijer.

Ms. DeSantis asked the developer to go over their financial stack. The developer provided details regarding the financials and investments.

Project Introduction

East Jefferson Development Company, LLC is the project developer (the “Developer”) for the Plan which entails the construction of an approximately 215,000 total square foot mixed-use building containing 213 apartments units of a mix of studio, one and two-bedroom units, an approximately 42,000 square foot first floor grocery market operated by Meijer, and 320 underground and ground floor surface parking spaces to serve the development. 20% of the rental units will be within 80% of AMI range. It is currently estimated that 80 permanent full-time and part-time positions will be created with the grocery market and 4 full-time permanent positions will be created with the residential apartments.

The total investment is estimated to exceed \$60M. The Developer is requesting \$17,446,750.00 in TIF reimbursement.

Property Subject to the Plan

The eligible property (the “Property”) is located at 1401-1475 E. Jefferson Avenue, Detroit, Wayne County and consists of three (3) parcels of vacant land totalling approximately 2.21 acres on the block between Rivard Street, Larned Street, St. Aubin Street and E. Jefferson Avenue on Detroit’s east side.

Basis of Eligibility

The property is considered “eligible property” as defined by Act 381, Section 2 because (a) the property was previously 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 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 baseline environmental assessment activities, due care activities, demolition, site preparation, infrastructure improvements, and development and preparation of brownfield plan and 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 begin in the summer of 2018 and be completed within eighteen (18) months.

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. BEA Activities | \$20,000.00 |
| 2. Due Care Activities | \$2,800,000.00 |
| 3. Site Demolition | \$100,000.00 |
| 4. Site Preparation | \$1,725,000.00 |
| 5. Infrastructure (including parking structure) | \$10,500,000.00 |
| 6. Brownfield Plan & Act 381 Work Plan | \$30,000.00 |

| | |
|---|------------------------|
| 7. Contingency – (15%) | \$2,271,750.00 |
| *Total Reimbursement to Developer | \$17,446,750.00 |
| 8. Authority Administrative Costs | \$2,188,304.00 |
| 9. State Brownfield Redevelopment Fund | \$679,910.00 |
| 10. Local Site Remediation Revolving Fund | \$0.00 |
| TOTAL Estimated Costs | \$20,314,964.00 |

*Current TIF projections reflect that the maximum the Developer expects to capture over the 30-year life of the Plan for reimbursement of eligible activities is \$11,732,093.00.

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 through the Michigan Strategic Fund's Community Revitalization Program (CRP) and through a Commercial Rehabilitation Act Abatement (PA 210), and New Markets Tax Credits.

Attached for review and approval was a resolution authorizing the 1475 East Jefferson 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. Walters called for a motion approving the referral of the 1475 East Jefferson Brownfield Redevelopment Plan and its submittal to the DBRA-CAC as presented. The Board took the following action:

On a motion by Ms. DeSantis, seconded by Ms. Wilkins, DBRA Resolution Code 17-12-252-01 was unanimously approved.

Eastwood Senior Leasing Brownfield Redevelopment Plan

Mr. Vosburg presented the Eastwood Senior Leasing Brownfield Plan Reimbursement Agreement. PowerPoint slides provided maps and renderings of the project. The development team provided additional information regarding the project's intended use and the history of the project site.

Mr. Sanders asked about the hiring of Detroiters. Mr. Maloof stated that the company is committed to Detroit and hire Detroiters regularly, however he would have to consult with the developer and to provide a formal response.

Mr. Wilkins asked about the difference between assisted living and senior living. Mr. Maloof described the difference between the two.

Mr. George asked about the ground breaking. Mr. Maloof stated that technically they have already broken ground to meet a deadline for a state permit related to the assisted living facility, however construction will not start in earnest until the Spring of 2018 with construction completion expected in early 2019.

Ms. DeSantis asked the developer to go over the financials. Mr. Maloof provided details on the capital stack and investment.

Project Introduction

Eastwood Senior Leasing, LLC, an affiliate of Ciena Health Care Management, Inc., is the project developer (the “Developer”) for the Plan which entails the development of a 160-bed, two-story urban designed skilled nursing home building totaling approximately 93,654 square feet in size with associated asphalt paved parking lots, storm water retention/detention and greenbelt landscaped areas. The building will be under a long-term net lease arrangement by Ciena Health Care Management, Inc. It is currently estimated that 139 full-time positions will be as a result of the project.

The total investment is estimated to be \$21.7M. The Developer is requesting \$5,055,300.00 in TIF reimbursement.

Property Subject to the Plan

The eligible property (the “Property”) consists of four (4) parcels with the addresses of 2600, 2618 and 2632 Chene Street and 2281 and 2689 Hendricks Street, generally located east of Eastern Market and comprised of multiple former commercial and industrial properties being assembled for development located in an area bound by Chene Street to the east, Hunt Street to the north, Dubois Street to the west and East Vernor Highway to the south. A portion of the property was formerly part of the Silver Cup Brownfield Plan which was recommended for termination by the DBRA Board on May 16, 2016 and terminated by City Council on November 22, 2016.

Basis of Eligibility

The property is considered “eligible property” as defined by Act 381, Section 2 because (a) the property was previously utilized for commercial, industrial, or residential 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 and Baseline Environmental Assessment activities, due care activities, additional response activities, demolition, lead and asbestos abatement, development and preparation of Brownfield Plan and Act 381 Work Plan, site preparation activities, infrastructure activities including the construction of storm water retention/detention and interest. 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. Eligible activities began in May 2017 and are estimated to be complete within three (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

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|--|----------------|
| 1. Environmental Assessment and BEA Activities | \$123,544.00 |
| 2. Due Care Activities | \$2,005,010.00 |

| | |
|---|-----------------------|
| 3. Additional Response Activities | \$39,500.00 |
| 4. Site Preparation and Infrastructure Improvements | \$960,689.00 |
| 5. Demolition | \$507,650.00 |
| 6. Lead and Asbestos Abatement | \$13,500.00 |
| 7. Contingency – (15%) | \$390,425.00 |
| 8. Brownfield Plan & Act 381 Work Plan | \$30,000.00 |
| 9. Interest | \$985,419.00 |
| *Total Reimbursement to Developer | \$5,055,737.00 |
| 10. Authority Administrative Costs | \$1,386,794.00 |
| 11. State Brownfield Redevelopment Fund | \$424,587.00 |
| 12. Local Site Remediation Revolving Fund | \$2378,177.00 |
| TOTAL Estimated Costs | \$9,245,295.00 |

*If the Developer does not receive Michigan Strategic Fund and/or Michigan Department of Environmental Quality approval for the capture of school taxes, the Developer will only be reimbursed for the local share of eligible activity costs.

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.

Attached for review and approval was a resolution authorizing the Eastwood Senior Leasing 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. Walters called for a motion approving the referral of the Eastwood Senior Leasing Brownfield Redevelopment 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. Washington, DBRA Resolution Code 17-12-253-01 was unanimously approved.

Wolverine Packing Brownfield Redevelopment Reimbursement Agreement Approval

Mr. Vosburg presented the Wolverine Packing Brownfield Plan Reimbursement Agreement.

On October 18, 2017, the Detroit Brownfield Redevelopment Authority (the “DBRA”) Board of Directors recommended approval to City Council of the Brownfield Plan for the Wolverine Packing Redevelopment Project (the “Plan”) which was subsequently approved by Detroit City Council on November 21, 2017. A requirement for Tax Increment Financing reimbursement pursuant to the Plan is that a Reimbursement Agreement (the “Agreement”) be entered into between the DBRA and Wolverine Packing Co. The Agreement has been prepared between the DBRA and the Developer and is presented to the DBRA for review and approval.

The Agreement and a resolution approving the Agreement and its subsequent execution were attached for Board’s review and approval.

Mr. Walters called for a motion approving the Agreement as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. McClain, DBRA Resolution Code 17-12-251-03 was unanimously approved

Ashton Brownfield Redevelopment Reimbursement Agreement Approval

Mr. Vosburg presented the Ashton Brownfield Plan Reimbursement Agreement.

On October 18, 2017, the Detroit Brownfield Redevelopment Authority (the “DBRA”) Board of Directors recommended approval to City Council of the Brownfield Plan for the Ashton Redevelopment Project (the “Plan”) which was subsequently approved by Detroit City Council on November 21, 2017. A requirement for Tax Increment Financing reimbursement pursuant to the Plan is that a Reimbursement Agreement (the “Agreement”) be entered into between the DBRA and 600 Ventures, LLC. The Agreement has been prepared between the DBRA and the Developer and is presented to the DBRA for review and approval.

The Agreement and a resolution approving the Agreement and its subsequent execution were attached for Board’s review and approval.

Mr. Walters called for a motion approving the Agreement as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. McClain, DBRA Resolution Code 17-12-249-03 was unanimously approved

ADMINISTRATIVE

Mr. Vosburg presented to the board the annual financial report on the activities of the authority. Not action was required by the board.

OTHER

None

PUBLIC COMMENT

None

ADJOURNMENT

Citing no further business, Mr. Walters called for a motion to adjourn the meeting.

On a motion by Mr. George, seconded by Ms. Wilkins the meeting was unanimously adjourned at 5:55 PM.

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CODE DBRA 17-12-02-226

APPROVAL OF MINUTES NOVEMBER 8, 2017

RESOLVED, that the minutes of the regular meeting of November 8, 2017 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.

December 20, 2017