



Detroit Brownfield Redevelopment Authority
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**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, APRIL 25, 2018
4:00 PM**

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

BOARD MEMBERS ABSENT:

OTHERS PRESENT: Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Elizabeth Brinson (DEGC)
Ngozi Nwaesei (Lewis & Munday)
Jared Fleisher (Bedrock)
Anne Jamieson (JDC)



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MINUTES OF THE DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY REGULAR MEETING
WEDNESDAY, APRIL 25, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD SUITE 2200 DETROIT, MI – 4:00 PM

CALL TO ORDER

Chair Matthew Walters called the meeting to order at 4:05 PM.

Mr. Walters called for a moment of silence in memoriam of Mr. Sanders.

Mr. Walters introduced Cora Capler to the Board.

GENERAL

Approval of Minutes:

Mr. Walters called for a motion approving the minutes of March 28, 2018 as presented. The Board took the following action:

On a motion by Ms. Washington, seconded by Ms. McClain, DBRA Resolution Code 18-03-02-232 was unanimously approved.

Mr. Walters called for a motion approving the March 2018 Treasurer's Report as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. McClain, DBRA Resolution Code 18-03-03-174 was unanimously approved.

PROJECTS

Amended and Restated Brownfield Plan for the Former Free Press Building 321 W. Lafayette Redevelopment Project

Mr. Vosburg presented the Amended and Restated Brownfield Plan for the Former Free Press Building 321 W. Lafayette Redevelopment Project. 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.

On July 29, 2010, the City Council of the City of Detroit ("City Council") approved the Brownfield Plan for the Free Press Redevelopment Project (the "Original Plan"). As you may recall, the City of Detroit Brownfield Redevelopment Authority ("DBRA") Board of

Directors (“Board”) previously approved a recommendation to City Council to: (i) terminate the Original Plan in accordance with Act 381; and (ii) approve a new brownfield plan for the Former Free Press Building. Due to changes in the Michigan Economic Development Corporation (MEDC) policy related to Michigan Business Tax (MBT) Credits that occurred after the aforementioned Board recommendations, DBRA was advised that in order to preserve the MBT Credit for this project, the Original Plan could not be terminated. As a result, instead of terminating the Original Plan and approving a new Brownfield Plan, DBRA staff is now seeking the Board’s approval to begin the process to amend and restate the Original Plan with the attached Plan which will allow the Developer (as defined below) to preserve the MBT Credit and include additional eligible activities. The Plan described is largely the same project previously presented to the Board in April of 2017.

Project Introduction

Pyramid Development Co., LLC, a Bedrock Detroit affiliate, is the project developer (the “Developer”) for the Plan which entails the rehabilitation of the 276,183 square foot former Detroit Free Press building into a mixed-use building with retail on the first floor, office on the second and third floors, and residential on floors 4-17 and an undetermined use for the basement and sub-basement. First through third floor tenants have not been determined at this time.

It is estimated that approximately 196 temporary construction jobs will be created and approximately 10 direct permanent jobs will be created in connection with the redevelopment. Additional permanent jobs are expected to be created by the retail and office tenants. The Developer has agreed to comply with City Executive Orders 2016-1 and 2014-4.

Total investment is expected to be approximately \$69,663,000.00. The Developers are requesting \$7,989,347.00 in TIF reimbursement under the proposed Plan.

As mentioned previously, a Brownfield Plan, an Act 381 Work Plan, and a Large Brownfield MBT Credit, titled “Detroit Free Press House” and “Free Press Plaza and Apartments” were approved for the Eligible Property in 2010. The Developer is requesting the amendment and restatement of the “Detroit Free Press House” Brownfield Plan, approved in 2010. The Brownfield Plan, Act 381 Work Plan, and the Brownfield MBT Credit (the “Credit”) will be amended and restated to modify the following: legal descriptions, scope of Project, Eligible Activities, and Eligible Investment that was included in the original approvals.

Property Subject to the Plan

The eligible property (the “Property”) consists of a single (1) parcel containing only the Free Press Building located at 321 West Lafayette Boulevard on the west side of downtown Detroit.

Basis of Eligibility

The property is considered “eligible property” as defined by Act 381, Section 2 because (a) the property was previously utilized or 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.

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 site demolition, selective building demolition, lead & asbestos surveying, asbestos abatement, air monitoring, hazardous material removal, site preparation, and preparation of a 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 began in the third quarter of 2017 and are estimated to be complete no later than March 2021. Based on the existing Credit, the Project must be completed and receive a temporary certificate of occupancy by March 8th, 2021 in order to receive the Credit.

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. Site Demolition | \$200,000.00 |
| 2. Selective Building Demolition | \$2,564,347.00 |
| 3. Lead & Asbestos Survey | \$55,000.00 |
| 4. Asbestos Abatement | \$4,239,870.00 |
| 5. Air Monitoring | \$145,000.00 |
| 6. Hazardous Material Removal | \$760,130.00 |
| 7. Brownfield Plan | \$10,000.00 |
| 8. Work Plan | \$15,000.00 |
| Total Reimbursement to Developer | \$7,989,347.00 |
| 9. Authority Administrative Costs | \$695,493.00 |
| 10. State Brownfield Redevelopment Fund | \$953,951.00 |
| 11. Local Brownfield Revolving Fund | \$344,622.00 |
| TOTAL Estimated Costs | \$1,944,066.00 |

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 Development Incentives

The Developers of this Plan will seek additional support through the transfer of the existing Michigan Business Tax Credit for the property as well as a Neighborhood Enterprise Zone

Abatement (PA 147). In addition, the Developer also anticipates a Commercial Rehabilitation (PA 210) tax abatement to be approved for the eligible property.

Ms. DeSantis asked about the value of the MBT Credit for the Project and how the MBT credit works. Mr. Vosburg explained the MBT credit.

Ms. DeSantis asked for details on the funding source. Mr. Fleisher advised that the financing consists of the MBT credit, TIF financing, and Developer equity.

Ms. DeSantis asked about the Developer's affordable housing requirement. Mr. Fleisher explained its affordable housing requirement, when it takes effect, and that most of its units are priced at 60% of the Area Median Income.

Attached for review and approval was a resolution authorizing the Amended and Restated Former Free Press Building 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 Amended and Restated Former Free Press Building 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 Mr. Scott, DBRA Resolution Code 18-04-191-04 was approved. Ms. Mays abstained.

OTHER

Ms. McClain asked about the changes to the MBT Credit. Mr. Vosburg and Ms. Kanalos explained the policy changes pertaining to the MBT Credit.

PUBLIC COMMENT

None

ADJOURNMENT

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

On a motion by Ms. DeSantis, seconded by Mr. George the meeting was unanimously adjourned at 4:33 PM.



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CODE DBRA 18-03-02-232

APPROVAL OF MINUTES MARCH 28, 2018

RESOLVED, that the minutes of the regular meeting of March 28, 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.

April 25, 2018



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DBRA 18-03-03-174

ACCEPTANCE OF TREASURER'S REPORT FOR MARCH 2018

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period March 1 through March 31, 2018, as presented at this meeting is hereby in all respects accepted as actions of the Detroit Brownfield Redevelopment Authority.

April 25, 2018



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CODE DBRA 18-04-191-04

AMENDED AND RESTATED BROWNFIELD PLAN FOR THE FORMER FREE PRESS BUILDING 321 W. LAFAYETTE REDEVELOPMENT PROJECT – 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, prior to the approval of a brownfield plan by DBRA and the City Council of the City of Detroit, the proposed brownfield plan shall be submitted to the Community Advisory Committee for consideration and comment and solicit comments from the public by publication of notice that the proposed 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 Board of Directors hereby withdraws its previous recommendation to terminate the Brownfield Plan for the Free Press Redevelopment Project approved by City Council on July 29, 2010.
2. The City of Detroit Brownfield Redevelopment Authority Board of Directors (“Board”) acknowledges receipt of the proposed **Amended and Restated Brownfield Plan for the Former Free Press Building 321 W. Lafayette Redevelopment Project** (the “Proposed Plan”) and authorizes and directs the Chairperson of the Board 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.
3. 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.

4. The Chairperson of the Board 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.

April 25, 2018