



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, MARCH 22, 2017  
4:00 PM**

**BOARD MEMBERS PRESENT:** Mia Grillier  
Pamela McClain  
Matt Walters  
Donele Wilkins  
Maggie Desantis

**BOARD MEMBERS ABSENT:** Derrick Sanders  
Ray Scott  
Evette Griffie  
Stephanie Washington

**OTHERS PRESENT:** Jennifer Kanalos (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Ayesha Maxwell (DEGC/DBRA)  
Elizabeth Brinson (DEGC/DBRA)  
Glen Long (DEGC/DBRA)  
Richard Barr (Honigman)  
David Williams (City of Detroit Jobs & Economy Team)  
Bret Stuntz (AKT Peerless)  
Kirstie Hardy (AKT Peerless)  
Ron Castellano (Herman Kiefer Development)  
Hazel Balaban (Herman Kiefer Development)  
Kirstie Hardy (City of Detroit Housing & Revitalization Dept.)



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MINUTES OF THE DETROIT BROWNFIELD  
REDEVELOPMENT AUTHORITY REGULAR MEETING  
WEDNESDAY, MARCH 22, 2017  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD SUITE 2200 DETROIT, MI - 4:00PM

### **CALL TO ORDER**

Chairperson Matt Walters called the meeting to order at 4:07 PM.

### **GENERAL**

#### **Approval of Minutes**

Mr. Walters called for a motion approving the minutes of March 15, 2017 as presented. The Board took the following action:

On a motion by Ms. Grillier, seconded by Ms. McClain, DBRA Resolution Code 17-03-02-214 was unanimously approved.

#### **Acceptance of the February 2017 Treasurer's Report**

Ms. Brinson presented the February 2017 DBRA Treasurer's Report.

Mr. Walters called for a motion accepting the February 2017 Treasurer's Report.

On a motion by Ms. Wilkins, seconded by Ms. McClain, DBRA Resolution Code 17-03-03-161 was unanimously approved.

### **PROJECTS**

#### **Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan**

Ms. Kanalos presented the Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan. PowerPoint slides provided maps and renderings of the project. Mr. Barr provided additional information regarding the pending Tier 1 Community Benefits Agreement ("CBA") between the City of Detroit and the developer and responded to board member questions about project timing and design.

#### **Project Introduction**

Palace Sports and Entertainment, LLC ("PSE") and Henry Ford Health System ("HFHS") are the project developers (the "Developers") for the Plan which entails the construction of a corporate headquarters and practice facility for the Detroit Pistons National Basketball Association team. The facility is expected to include approximately 128,000 square feet of office space, locker and training rooms and a practice facility, all within a single facility (the "Pistons Facility"). The Pistons

Facility is expected to include ground-floor retail or commercial space for uses that may include a team store, restaurant and/or bank.

The Plan also includes an approximately 25,000 square foot sports medicine and medical office building to be constructed, owned and operated by HFHS. The Pistons Facility and the HFHS Facility will be joined by an approximately 400 space above-grade parking structure. It is estimated that 120 temporary construction jobs will be created at the overall property and 150 permanent jobs will be created in connection with the Pistons Facility.

Total investment is expected to exceed \$83,000,000.00. The Developers are requesting \$19,348,568.00 in TIF reimbursement under the proposed Plan.

#### Property Subject to the Plan

The eligible property (the "Property") consists of three (3) parcels located at 6201 Second Avenue and 690 Amsterdam, north of Amsterdam and between Second Avenue and Third Avenue in Detroit's Midtown/New Center Area.

#### 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, public or residential purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is a "facility" pursuant to Part 201 or is adjacent or contiguous thereto.

#### 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 site assessment activities, due care activities, additional response activities, site demolition, asbestos abatement, site preparation, infrastructure improvements, interest, and development, preparation, and implementation of a brownfield plan and/or 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 2017 and complete 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. Brownfield Plan and MDEQ/MSF Work Plan Preparation	\$30,000.00
2. Baseline Environmental Assessment Activities	\$28,000.00
3. Additional Response Activities (Effective 4/3/17, part of "Department Specific Activities")	\$313,000.00
4. Due Care Activities	\$25,000.00
5. Site Preparation	\$2,451,579.00

6. Infrastructure Improvements, including a park deck, storm water management features and right of way improvements.	\$13,263,483.00
7. Lead and Asbestos Survey and Abatement	\$26,500.00
8. Site Demolition	\$146,573.00
9. Brownfield Plan Implementation	\$30,000.00
10. DEQ Activities Contingency (15%)	\$50,400.00
11. MSF Activities Contingency (15%)	\$2,383,220.00
12. Interest (capped at \$3,000,000.00)	\$608,861.00
<b>Total Reimbursement to Developer</b>	<b>\$19,348,568.00</b>
13. Authority Administrative Costs	\$2,372,586.00
14. State Brownfield Redevelopment Fund	\$1,018,068.00
15. Local Brownfield Revolving Fund	\$0.00
<b>TOTAL Estimated Costs</b>	<b>\$22,739,222.00</b>

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

PSE will seek additional support through a Commercial Rehabilitation Act Abatement (PA 210).

#### DBRA-CAC Letter of Recommendation

The DBRA-CAC recommended approval of the Plan at the March 15, CAC meeting. Attached was the DBRA-CAC's letter of recommendation for the DBRA Board's consideration.

#### Public Comments

Attached were the results of the DBRA public hearing for the Plan that was held on Tuesday March 21, 2017 at 5:30 pm at the Henry Ford Health Center building located at One Ford Place in Detroit, Michigan.

Attached for Board review and approval was a resolution approving the Detroit Pistons Corporate Headquarters and Practice Facility Brownfield Redevelopment Plan and its submittal to Detroit City Council.

Ms. DeSantis motioned that the DBRA board see the approved CBA for Plan, if possible, prior to approval. Ms. Grillier seconded the motion. The Chair requested specificity with respect to which approval. Following discussion regarding different ways that the DBRA could be informed of the final CBA for a project that comes before the DBRA, Ms. DeSantis amended her motion, seconded by Ms. Grillier, to review the CBA, if possible, when the reimbursement agreement is submitted to the Board. DBRA resolution code 17-03-243-02 as amended was approved.

Ms. DeSantis made another motion that every effort be made to provide as an informational item the final Community Benefits Agreement for all eligible projects before approval of the Reimbursement Agreement by the DBRA. Ms. McClain seconded the motion and DBRA Resolution Code 17-03-01-180 was unanimously approved.

Mr. Walters called for a motion approving the Detroit Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan and its submittal to Detroit City Council.

On a motion by Ms. DeSantis, seconded by Ms. Grillier, DBRA Resolution Code 17-03-243-03, was unanimously approved.

### **Former Herman Kiefer Health Complex Brownfield Redevelopment Plan**

Mr. Vosburg presented the Former Herman Kiefer Health Complex Brownfield Redevelopment Plan. PowerPoint slides provided maps and renderings of the project. Mr. Castellano, Ms. Balaban, Mr. Stuntz and Ms. Hardy provided additional information regarding the project and community outreach and responded to board member questions about specific project uses, timing, environmental conditions, developer capacity and timing of the projects. Mr. David Williams provided additional information regarding the Development Agreement between the City of Detroit and the developers. Ms. DeSantis asked that the board consider requesting that the Reimbursement Agreement have language synchronizing the timing of deadlines in the Reimbursement Agreement to the City's Development Agreement.

### **Project Introduction**

Herman Kiefer Development, LLC is the project developer (the "Developer") for the Plan which entails the rehabilitation of the vacant former Herman Kiefer Health Department complex, two vacant former Detroit Public Schools and 510 residential parcels, 503 of which will be acquired from the Detroit Land Bank Authority and City of Detroit. In total the project includes 84.95 acres of land and well over 500,000 square feet of existing buildings. The project proposes the reuse of the Herman Kiefer complex buildings and the former Crosman and Hutchins schools into commercial uses. Residential homes will be rehabilitated to the extent possible and leased or sold. Vacant land will be put into productive reuse.

Approximately 810 permanent full time equivalent jobs and 257 temporary construction jobs are expected to be created as a result of the project. The total investment is estimated to be approximately \$143 million. The Developer is requesting \$47,767,473.00 in TIF reimbursement.

### **Property Subject to the Plan**

The eligible property (the "Property") consists of five-hundred fifteen (515) parcels largely located west of the John C. Lodge Freeway and south of Clairmount Street. Please see Attachment A and B of the Plan for a list and map of parcels.

### **Basis of Eligibility**

The property is considered "eligible property" as defined by Act 381, Section 2 because (a) the property was previously utilized for residential or public 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, blighted and/or adjacent to or contiguous to an eligible parcel and is estimated to increase the captured taxable value of that property as defined by Act 381. The three Herman Kiefer Health Complex parcels at 1151 Taylor, 1110 Clairmount and 8700 Byron, the Hutchins School at 1501 Hazelwood and the Crosman School at 9027 John C Lodge have all been declared facilities pursuant to Part 201 by the MDEQ. The 510 surrounding residential parcels (see Attachment B in the Plan) have initially been determined blighted per Act 381 via an initial determination of blight letter from Detroit City Planning Commission staff. Documents supporting these determinations can be found in Attachments B, G and H of the Plan.

### **Eligible Activities and Projected Costs**

The "eligible activities" that are intended to be carried out in four (4) phases at the Property are considered "eligible activities" as defined by Sec 2 of Act 381, because they include baseline

environmental site assessment activities, due care activities, additional response activities, environmental insurance, demolition, lead and asbestos abatement, site preparation, infrastructure improvements, preparation of a brownfield plan and work plan, a 15% contingency as well as 5% simple interest after expiration of tax abatements. 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 2017. Phases will be completed within the following timeline from approval of the Plan: Phase I three (3) years, Phase II five (5) years, Phase III seven (7) years, and Phase IV ten (10) 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. BEA Activities	\$100,605.00
2. Due Care Activities	\$912,000.00
3. Additional Response Activities	\$1,151,000.00
4. Environmental Insurance	\$274,101
5. Demolition	\$9,890,611.00
6. Lead & Asbestos Abatement	\$4,299,475.00
7. Site Preparation	\$12,962,703.00
8. Infrastructure Improvements	\$8,662,172.00
9. Brownfield Plan & Act 381 Work Plan	\$96,000.00
10. Contingency – (15%)	\$5,735,470.00
11. Interest – (5% simple after OPRA Expiration)	\$3,683,336.00
<b>Total Reimbursement to Developer</b>	<b>\$47,767,473.00</b>
12. Authority Administrative Costs	\$7,068,179.00
13. State Brownfield Redevelopment Fund	\$2,356,152.00
14. Local Site Remediation Revolving Fund	\$8,581,074.00
<b>TOTAL Estimated Costs</b>	<b>\$65,772,878.00</b>

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 Developer of this Plan will seek additional support through an Obsolete Property Rehabilitation Act Abatement (PA 146).

DBRA-CAC Letter of Recommendation

The DBRA-CAC recommended approval of the Plan at the March 15, CAC meeting. Attached was the DBRA-CAC’s letter of recommendation for the DBRA Board’s consideration.

Public Comments

Attached were the results of the DBRA public hearing for the Plan that was held on Monday March 20, 2017 at 5:30 pm at the Joseph Walker Williams Community Center located at 8431 Rosa Parks Boulevard in Detroit, Michigan.

Attached for Board review and approval was a resolution approving Former Herman Kiefer Health Complex Brownfield Redevelopment Plan and its submittal to Detroit City Council.

Mr. Walters called for a motion approving the referral of the Former Herman Kiefer Health Complex Brownfield Redevelopment Plan and its submittal to Detroit City Council and recommend to staff that the deadlines in the Reimbursement Agreement be tied to the City's Development Agreement.

On a motion by Ms. Wilkins, seconded by Ms. DeSantis, DBRA Resolution Code 17-03-244-02, was approved with Ms. DeSantis, Ms. Grillier, Ms, McClain and Ms. Wilkins voting Aye and Ms. Grillier voting Nay.

**ADMINISTRATIVE**

None

**OTHER**

None

**PUBLIC COMMENT**

None

**ADJOURNMENT**

There being no further business, Mr. Walters called for a motion approving the adjournment of the meeting. On a motion by Ms. DeSantis, seconded by Mrs. McClain, the board agreed unanimously to adjourn the meeting at 5:02 PM.



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**CODE DBRA 17-03-02-214**

**APPROVAL OF MINUTES MARCH 15, 2017**

RESOLVED, that the minutes of the special meeting of March 15, 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.

March 22, 2017



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**DBRA 17-03-03-161**

**ACCEPTANCE OF TREASURER'S REPORT FOR FEBRUARY 2017**

RESOLVED, that the Treasurer's Report of Receipts and Disbursements for the period February 1 through February 28, 2017, as presented at this meeting is hereby in all respects accepted as actions of the Detroit Brownfield Redevelopment Authority.

March 22, 2017



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**CODE DBRA 17-03-243-02**

**DETROIT PISTONS CORPORATE HEADQUARTERS AND PRACTICE FACILITY  
CAMPUS: DBRA COMMUNITY BENEFITS ORDINANCE**

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, Ordinance No. 35-16 was adopted at the November 8, 2016 General Election by the People of the City of Detroit Chapter 14 of the 1984 Detroit City Code, Community Development, is amended by adding Article XII, Community Benefits which consists of Sections 14-12-1 through 14-12-5 which creates Tier 1 and Tier 2 Projects for development projects receiving certain public support (the “CBO”); and

WHEREAS, Palace Sports and Entertainment is receiving Brownfield Tax Increment Financing (“TIF”) for the Detroit Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan (the “Plan”) and has voluntarily agreed comply with the requirements of the CBO for a Tier 1 project.

NOW, THEREFORE, BE IT RESOLVED that the City of Detroit Brownfield Redevelopment Authority Board of Directors requests that every effort be made to provide the DBRA board with a copy of the approved agreement incorporating the required provision of the CBO in advance of the DBRA approval of the Reimbursement Agreement for the Plan.

March 22, 2017



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**CODE DBRA 17-03-01-180**

**DBRA COMMUNITY BENEFITS ORDINANCE POLICY**

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, Ordinance No. 35-16 was adopted at the November 8, 2016 General Election by the People of the City of Detroit Chapter 14 of the 1984 Detroit City Code, Community Development, is amended by adding Article XII, Community Benefits which consists of Sections 14-12-1 through 14-12-5 which creates Tier 1 and Tier 2 Projects for development projects receiving certain public support (the “CBO”); and

WHEREAS, some projects receiving Brownfield Tax Increment Financing (“TIF”) may be required to comply with the requirements of the CBO.

NOW, THEREFORE, BE IT RESOLVED that the City of Detroit Brownfield Redevelopment Authority Board of Directors requests that every effort be made to provide the DBRA board with a copy of the approved agreement incorporating the required provision of the CBO in advance of the DBRA approval of the Reimbursement Agreement for the Plan.

March 22, 2017



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**CODE DBRA 17-03-243-03**

**DETROIT PISTONS CORPORATE HEADQUARTERS AND PRACTICE FACILITY CAMPUS  
BROWNFIELD REDEVELOPMENT PLAN**

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, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Detroit Pistons Corporate Headquarters and Practice Facility Campus (the “Plan”) to the Community Advisory Committee for consideration and comment has solicited comments 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; and

WHEREAS, the Community Advisory Committee has considered the proposed Plan and approved a resolution recommending the approval of the proposed Plan by the Authority and the City Council as presented by the Authority; and

WHEREAS, in accordance with the provisions of Act 381, the Authority desires to approve the proposed Plan and to request the Detroit City Council to call a public hearing to consider and adopt a resolution approving the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED:

1. The Authority determines that it is necessary for the achievement of the purposes of Act 381 to adopt the brownfield plan for the **Detroit Pistons Corporate Headquarters and Practice Facility Campus Redevelopment Project** and submit it to the Detroit City Council for approval.

2. The Authority approves the Plan in the form attached hereto and on file with the Secretary of the Authority.

3. The Secretary is authorized and directed to submit a certified copy of this Resolution and the Plan to the City Clerk, together with a request that the Detroit City Council call a public hearing concerning the Plan and to take all other actions required to approve the Plan in accordance with Act 381.

4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

March 22, 2017



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**CODE DBRA 17-03-244-02**

**FORMER HERMAN KIEFER HEALTH COMPLEX BROWNFIELD REDEVELOPMENT PLAN**

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, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Former Herman Kiefer Health Complex (the “Plan”) to the Community Advisory Committee for consideration and comment has solicited comments 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; and

WHEREAS, the Community Advisory Committee has considered the proposed Plan and approved a resolution recommending the approval of the proposed Plan by the Authority and the City Council as presented by the Authority; and

WHEREAS, in accordance with the provisions of Act 381, the Authority desires to approve the proposed Plan and to request the Detroit City Council to call a public hearing to consider and adopt a resolution approving the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED:

1. The Authority determines that it is necessary for the achievement of the purposes of Act 381 to adopt the brownfield plan for the **Former Herman Kiefer Health Complex Redevelopment Project** and submit it to the Detroit City Council for approval.

2. The Authority approves the Plan in the form attached hereto and on file with the Secretary of the Authority.

3. The Secretary is authorized and directed to submit a certified copy of this Resolution and the Plan to the City Clerk, together with a request that the Detroit City Council call a public hearing concerning the Plan and to take all other actions required to approve the Plan in accordance with Act 381.

4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

March 22, 2017