

City of Detroit

Brownfield Redevelopment Authority

Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

Fax: 313 963-8839

DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
REGULAR COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, FEBRUARY 14, 2018 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI

COMMITTEE MEMBERS

PRESENT: Rick Blocker
Kamal Cheeks
Michelle Lee
Dr. Regina Randall
Allen Rawls
Simone Sagovac
Sandra Stahl

COMMITTEE MEMBERS

ABSENT: Brad Lutz
Marlowe Stoudamire

OTHERS PRESENT: Ayesha Maxwell (DEGC/DBRA)
Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Jeremy McCallion (AKT Peerless)
Christos Moises (Temple Group Holdings)
Ishmail Terry (All Four One/Pleasant Hgts Economic Corp)

City of Detroit

Brownfield Redevelopment Authority

Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

Fax: 313 963-8839

Call to Order

Mr. Rawls, Chairperson, called the meeting to order at 5:14 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the December 20, 2017 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Cheeks, seconded by Ms. Stahl, DBRA-CAC Resolution Code 18-02-02-127, approving the December 20, 2017 CAC minutes, was unanimously approved.

PROJECTS

640 Temple Brownfield Redevelopment Plan

Mr. Vosburg presented the 640 Temple Brownfield Plan. 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. Lee asked in relation to the project how close in proximity is it to the local schools? Mr. McCallion responded and advised that there should be no concerns for environmental because the site is not heavily contaminated and most of the environmental are dealing with fill.

Dr. Regina Randall asked the developer to reiterate the total percentage as it relates to complying with the City of Detroit Executive Orders. Mr. McCallion advised that they would be complying with the 51% utilization of Detroit residents on publicly funded construction projects and will also be complying with the 31% utilization of Detroit headquarter businesses and Detroit based businesses.

Mr. Cheeks asked about the amenities including the proposed night club. Mr. Moises advised that the entertainment space would be located off the alley way. Mr. Moises advised that he was interested in bringing back venues that have live music and because the entertainment space is located in the sub-basement there will be no noise disturbance to the surrounding area.

Ms. Stahl asked about the OPRA and the interest and wanted to know which tax did the OPRA abate. Ms. Kanalos advised that it's our policy not to let interest accrue until after the expiration of the abatement. Ms. Kanalos advised that it's not typical to request interest on the unreimbursed unless its needed to make the project financing viable. Mr. Vosburg explained that the taxes that receive abatement are the school taxes, local taxes are frozen at 50% for 12 years. Mr. Vosburg advised that if the project was not in the DDA zone than there would be more mileages to capture.

Mr. Cheeks asked if the residential units would be market rate. Mr. Moises advised that there will be the required 20% affordable AMI.

Ms. Lee asked if this development would put more pressure on the traffic flow, Mr. Moisesides advised that he doesn't see any additional traffic congestion being created.

Project Introduction

Temple Group Holdings, LLC is the project developer (the "Developer") for the Plan which entails the redevelopment of the current 169,337-square foot commercial building located at 640 Temple Street and the adjacent vacant lot. The redevelopment encompasses several components including 100-room key boutique hotel and hotel auxiliary facilities, a restaurant and banquet facility, 70 residential apartments and a lounge/night club.

The Property is located in Detroit's Cass Park Historic District, on the west side of Detroit, on the block bounded by Charlotte Street to the north, Second Avenue to the east, Temple Street to the south and Third Avenue to the west.

The total investment is estimated to be \$65 million. The Developer is requesting \$6,455,496.00 in TIF reimbursement, however only \$5,100,380 in TIF Reimbursement is projected to be captured for the life of the Plan.

There will be 158 Temporary construction jobs and 80 FTE jobs. The 80 FTE are expected to be created over a 3 year period, once construction begins. The FTE jobs will include managerial positions, housekeeping and janitorial staff, wait staff and desk attendants.

Property Subject to the Plan

The eligible property (the "Property") consists of four (4) parcels located at 640,650,660 and 674 Temple Street bounded by Charlotte Street to the north, Second Avenue to the east, Temple Street to the south and Third Avenue to the west in Detroit's Cass Park Historic District.

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 department specific activities, site preparation, infrastructure improvements, demolition, lead and asbestos abatement and development 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 are estimated to begin in the spring/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. Department Specific Activities	\$1,122,300.00
2. Demolition	\$1,639,860.00
3. Lead and Asbestos Activities	\$425,000.00
4. Site Preparation	\$741,100.00
5. Infrastructure Improvements	\$1,066,500.00
6. Brownfield Plan & Act 381 Work Plan	\$30,000.00
7. Cost Tracking Compliance	\$30,000.00
8. Contingency – (15%)	\$682,464.00
9. Interest (5% simple, after expiration of OPRA)	\$718,272.00
*Total Reimbursement to Developer	\$6,455,496.00
10. Authority Administrative Costs	\$2,031,234.00
11. State Brownfield Redevelopment Fund	\$1,386,699.00
12. Local Site Remediation Revolving Fund	\$1,035,230.00
TOTAL Estimated Costs	\$10,908,659.00

*Developer is only projecting to receive \$5,100,380 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 Obsolete Property Rehabilitation Act (OPRA) Tax Abatements and Act 381 Work Plans. A Federal Historic Tax Credit is also anticipated; therefore, the historic architectural features of the building will be preserved as part of the rehabilitation.

Mr. Rawls called for a motion recommending 640 Temple Brownfield Plan.

Mr. Blocker motioned to recommend approval of the 640 Temple Brownfield Redevelopment without a CAC public hearing and without appointing special members. Ms. Lee seconded the motion. DBRA-CAC Resolution Code 18-02-255-01, recommending approval of the 640 Temple Brownfield Redevelopment Plan, was approved unanimously.

Status Report: Brownfield Redevelopment Plans

Ms. Stahl requested in 2017 that the committee be provided with a status update on all Brownfield Redevelopment Plans. Per the request the committee was provided with a status report for informational purposes only and no further action was required.

Public Comment

None

Adjournment

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

City of Detroit

Brownfield Redevelopment Authority

Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

Fax: 313 963-8839

CODE DBRA CAC 18-02-02-127

APPROVAL OF MINUTES OF DECEMBER 20, 2017

RESOLVED, that the minutes of the special meeting of December 20, 2017 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.

February 14, 2018

City of Detroit

Brownfield Redevelopment Authority

Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

Fax: 313 963-8839

CODE DBRA-CAC 18-02-255-01

640 TEMPLE 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 1475 East Jefferson Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its February 14, 2018 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 brownfield plan for the **640 Temple 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.

February 14, 2018

