

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, JANUARY 10, 2018
4:00 PM**

BOARD MEMBERS PRESENT: Maggie DeSantis
John George
Sonya Mays
Derrick Sanders
Ray Scott
Stephanie Washington

BOARD MEMBERS ABSENT: Matthew Walters
Pamela McClain
Donele Wilkins

OTHERS PRESENT: Brian Vosburg (DEGC/DBRA)
Ngozi Nwaesei (Lewis & Munday)
Nick Maloof (Associated Environmental Service)
Tricia Tomkinson (Ciena Healthcare)
Jared Belka (Warner, Norcross & Judd)
Dennis Archer Jr. (1475 E. Jefferson Project)

DBRA

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

MINUTES OF THE DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY REGULAR MEETING
WEDNESDAY, JANUARY 10, 2018
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD SUITE 2200 DETROIT, MI - 4:00PM

CALL TO ORDER

Vice Chair Maggie DeSantis called the meeting to order at 4:21 PM.

GENERAL

Approval of Minutes:

Ms. DeSantis called for a motion approving the minutes of December 20, 2017 as presented. The Board took the following action:

On a motion by Mr. Sanders, seconded by Mr. George, DBRA Resolution Code 18-01-02-227 was unanimously approved.

PROJECTS

1475 East Jefferson Brownfield Redevelopment Plan

Mr. Vosburg presented the 1475 East Jefferson Brownfield Redevelopment Plan.

Mr. Sanders asked will Detroiters be hired. Mr. Archer responded that Detroiters will be hired per the Executive Orders and provided details on the hiring process for the other two Meijer sites and stated that a similar process will be followed for the new site. Mr. George stated that Mr. Archer was a part of the Grand River & McNichols Meijer store in the neighborhood he lives and works in and that everything the community asked for within reason the developers delivered on for that project.

Ms. DeSantis asked Mr. Archer to provide details on community meetings. Mr. Archer advised that there have been a few community meetings to date and that more meetings will be forthcoming towards the spring. Ms. DeSantis recommended additional organizations that Mr. Archer should reach out to.

Ms. Mays advised that she in full support of this project but would be abstaining from the vote. She asked that Mr. Archer contact the residents of the nearby 1300 Lafayette Building regarding future community meetings.

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.

DBRA-CAC Letter of Recommendation

The DBRA-CAC recommended approval of the Plan at the December 20, 2017 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 Wednesday, January 3, 2018 at The Rattlesnake Club located at 300 River Place Drive Detroit, Michigan 48207.

Attached for Board review and approval was a resolution approving the Brownfield Plan for the 1475 East Jefferson Redevelopment and its submittal to Detroit City Council.

Ms. DeSantis called for a motion approving the submittal of the 1475 East Jefferson Brownfield Redevelopment Plan to the Detroit City Council. The Board took the following action:

On a motion by Mr. George, seconded by Mr. Sanders, DBRA Resolution Code 18-01-252-02 was approved. Ms. Mays abstained from the vote.

Eastwood Senior Leasing Brownfield Redevelopment Plan

Mr. Vosburg presented the Eastwood Senior Leasing Brownfield Redevelopment Plan.

Mr. Vosburg mentioned that a memorandum has been provided to the board with responses from the Developer to questions the board and Community Advisory Committee had regarding the project at the previous meetings..

Mr. Maloof provided additional details about the responses submitted in the memorandum.

Ms. Mays asked if this project had to comply with the executive orders and hiring 51% of Detroiters. Mr. Maloof responded and advised that they are required to comply with the executive orders and that in addition Ciena Health Care has a demonstrated record of hiring well over 51% Detroit residents to staff their facilities in Detroit.

Ms. DeSantis asked about the outreach within the community. Mr. Maloof responded and advised that they have given notice to community groups they are aware of. St. Paul AME Church, next door to the project site, had parishioners in attendance at the public hearing.

Ms. DeSantis, Ms. Mays and Mr. George asked that the developer reach out and have a conversation with the community organizations in that area.

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

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.

DBRA-CAC Letter of Recommendation

The DBRA-CAC recommended approval of the Plan at the December 20, 2017 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 Thursday, January 4, 2018 at Eastern Market Shed 5 located at Russell Street and Allard in Detroit.

Attached for Board review and approval was a resolution approving the Brownfield Plan for the Eastwood Senior Leasing Redevelopment and its submittal to Detroit City Council.

Ms. DeSantis called for a motion approving the submittal of the Eastwood Senior Leasing Brownfield Redevelopment Plan to the Detroit City Council. The Board took the following action:

On a motion by Mr. George, seconded by Mr. Scott, DBRA Resolution Code 18-01-252-02 was unanimously approved.

ADMINISTRATIVE

Mr. Vosburg provided an update that the request for tablets to have the agendas and board packets during board meetings has been approved. DEGC staff are working on researching appropriate hardware, software and policies for all the boards staffed by the DEGC.

Mr. Vosburg advised that a presentation will be given on the history of the DBRA's participation in the Uniroyal Site during a February DBRA board meeting.

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 Mr. Sanders the meeting was unanimously adjourned at 4:48 PM.