

DBRA

Detroit Brownfield Redevelopment Authority
500 Griswold Street • Suite 2200
Detroit, Michigan 48226
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**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, FEBRUARY 14, 2018
4:00 PM**

BOARD MEMBERS PRESENT: Maggie DeSantis
John George
Pamela McClain
Matthew Walters
Donele Wilkins

BOARD MEMBERS ABSENT: Sonya Mays
Derrick Sanders
Ray Scott
Stephanie Washington

OTHERS PRESENT: Ayesha Maxwell (DEGC/DBRA)
Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Sarah Pavelko (DEGC/DBRA)
Ngozi Nwaesei (Lewis & Munday)
Jeremy McCallion (AKT Peerless)
Chis McClain (CitizenDetroit)
Ishmael Terry (All Four One/Pleasant Hgts Econ Dev)
Christos Moisides (Temple Group Holdings)

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MINUTES OF THE DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY REGULAR MEETING
WEDNESDAY, FEBRUARY 14, 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 4:14 PM.

GENERAL

Approval of Minutes:

Mr. Walters called for a motion approving the minutes of January 19, 2018 as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. McClain, DBRA Resolution Code 18-02-02-229 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.

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
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*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.

Ms. McClain asked if 640 Temple was going to be deconstructed. Mr. Vosburg advised that it would not.

Ms. McClain asked if there would be any displacement of residents in the surrounding area. Mr. Moises advised that there is not a lot of residential housing nearby; however, they are looking to redevelop the vacant properties nearby into affordable housing units.

Mr. George asked if the property is currently vacant. Mr. Moises advised that the property is currently vacant.

Mr. Walters asked about the purchase price of the property. Mr. Moises advised that his firm paid \$11 million for the property.

Ms. DeSantis asked if the developer could find a way to accommodate the low-income housing. Mr. Moises advised that they are working with Olympia Development on some proposed Low-Income Housing Tax Credit financing models.

Ms. DeSantis asked for details on the funding source. Mr. McCallion advised that the financing consist of TIF, the Michigan Strategic Fund's Community Revitalization Program, Chemical Bank as the debt holder, Historic Tax Credits, and an Invest Detroit loan.

Attached for review and approval was a resolution authorizing the 640 Temple 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 640 Temple Brownfield Redevelopment Plan and its submittal to the DBRA-CAC as presented. The Board took the following action:

On a motion by Ms. McClain, seconded by Ms. DeSantis, DBRA Resolution Code 18-02-255-01 was unanimously approved.

Uniroyal Site Presentation

Per the Board's request, Ms. Pavelko gave a presentation on the current state of the Uniroyal site and the historical background on the site. No further action was needed.

Ms. DeSantis asked when did the site go vacant. Ms. Pavelko advised that she could not verify an exact date; however, she can confirm that the city started acquiring the parcels in the 70's and 80's.

Ms. DeSantis asked why isn't the responsible parties being held accountable for the remaining clean up. Ms. Pavelko advised that the responsible parties are paying a fraction of the remaining cleanup cost.

Mr. George asked if this is the same site that Dan Gilberts team received an assignment on. Mr. Walters responded and advised that is correct.

ADMINISTRATIVE:

Appointment of Budget Committee Members

Ms. Kanalos presented to the board the recommendation of appointments for the DBRA Budget Committee.

The following DBRA board members indicated an interest in and volunteered to serve on the Committee:

- Sonya Mays – Board Treasurer
- Pamela McClain
- Stephanie Washington

Attached for Board review and approval was a resolution approving the appointment and reappointment of the above-board members to the DBRA Budget Committee.

Mr. Walters called for a motion approving the appointed DBRA Budget Committee Members as presented. The Board took the following action:

On a motion by Ms. DeSantis, seconded by Mr. George, DBRA Resolution Code 18-02-01-193 was unanimously approved.

OTHER

None

PUBLIC COMMENT

None

ADJOURNMENT

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

On a motion by Ms. Wilkins, seconded by Ms. McClain the meeting was unanimously adjourned at 5:06 PM.