

# **DBRA**

Detroit Brownfield Redevelopment Authority  
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**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY  
REGULAR BOARD OF DIRECTORS MEETING  
WEDNESDAY, NOVEMBER 8, 2017  
4:00 PM**

**BOARD MEMBERS PRESENT:** Maggie DeSantis  
John George  
Pamela McClain  
Ray Scott  
Matt Walters  
Donele Wilkins

**BOARD MEMBERS ABSENT:** Sonya Mays  
Derrick Sanders  
Stephanie Washington

**OTHERS PRESENT:** Jennifer Kanalos (DEGC/DBRA)  
Ayesha Maxwell (DEGC/DBRA)  
Brian Vosburg (DEGC/DBRA)  
Rebecca Navin (DEGC)  
Elizabeth Brinson (DEGC)  
Glen Long (DEGC)  
Sarah Pavelko (DEGC)  
Ngozi Nwaesei (Lewis & Munday)  
Chris Jackson (Queen Lillian II)  
Elizabeth Masserang (PM Environmental)  
Sam Hamburger (Bedrock)  
Jim Ketai (Bedrock)  
Whitney Fichings (Bedrock)  
Tim Wilderman (ASTI)  
Graten C. Little, Jr. (Basco)

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MINUTES OF THE DETROIT BROWNFIELD  
REDEVELOPMENT AUTHORITY REGULAR MEETING  
WEDNESDAY, NOVEMBER 8, 2017  
DETROIT ECONOMIC GROWTH CORPORATION  
500 GRISWOLD SUITE 2200 DETROIT, MI - 4:00PM

## **CALL TO ORDER**

Chair Matt Walters called the meeting to order at 4:06 PM.

Mr. Walters requested that Administrative Line Item III be moved up on the agenda behind General Line Item II. No board members objected to this change in the agenda.

## **GENERAL**

### **Approval of Minutes:**

Mr. Walters called for a motion approving the minutes of October 18, 2017 as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. DeSantis, DBRA Resolution Code 17-09-02-225 was unanimously approved.

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

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

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

On a motion by Mr. George, seconded by Ms. McClain, DBRA Resolution Code 17-09-03-168 was unanimously approved.

### **Acceptance of FY 2016-2017 DBRA Audit Report**

Ms. Kanalos presented the FY 2016-2017 DBRA Audit Report.

Mr. Walters called for a motion accepting the FY 2016-2017 Audit Report.

On a motion by Mr. George, seconded by Mr. Scott, DBRA Resolution Code 17-11-01-191 was unanimously approved.

## **PROJECTS**

### **220 West Congress Brownfield Redevelopment Reimbursement Agreement Approval**

Ms. Maxwell presented the 220 West Congress Brownfield Plan Reimbursement Agreement.

On September 13, 2017, the Detroit Brownfield Redevelopment Authority (the “DBRA”) Board of Directors recommended approval to City Council of the Brownfield Plan for the 220 West Congress Redevelopment Project (the “Plan”) which was subsequently approved by Detroit City Council on October 10, 2017. A requirement for Tax Increment Financing reimbursement pursuant to the Plan is that a Reimbursement Agreement (the “Agreement”) be entered into between the DBRA and 220 West Congress Detroit, LLC (the “Developer”). The Agreement, prepared between the DBRA and the Developer is presented to the DBRA for review and approval.

The Agreement and a resolution approving the Agreement and its subsequent execution were attached for Board review and approval.

Mr. Walters called for a motion approving the Agreement as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. Wilkins, DBRA Resolution Code 17-11-247-03 was unanimously approved.

### **751 Griswold Brownfield Redevelopment Reimbursement Agreement Approval**

Mr. Vosburg presented the 751 Griswold Brownfield Plan Reimbursement Agreement.

On September 13, 2017, the Detroit Brownfield Redevelopment Authority (the “DBRA”) Board of Directors recommended approval to City Council of the Brownfield Plan for the 751 Griswold Redevelopment Project (the “Plan”) which was subsequently approved by Detroit City Council on October 10, 2017. A requirement for Tax Increment Financing reimbursement pursuant to the Plan is that a Reimbursement Agreement (the “Agreement”) be entered into between the DBRA and 751 Griswold Detroit, LLC (the “Developer”). The Agreement, prepared between the DBRA and the Developer is presented to the DBRA for review and approval.

The Agreement and a resolution approving the Agreement and its subsequent execution were attached for Board’s review and approval.

Mr. Walters called for a motion approving the Agreement as presented. The Board took the following action:

On a motion by Ms. DeSantis, seconded by Ms. McClain, DBRA Resolution Code 17-11-248-03 was unanimously approved.

### **Queen Lillian II: Approval to Amend Term Sheet**

Ms. Pavelko presented Queen Lillian II project and the request to amend the term sheet.

On August 9, 2017, the Detroit Brownfield Redevelopment Authority (“DBRA”) approved the sale and financing of a vacant parcel currently owned by the City at the corner of Woodward and Stimson (the “Property”) to Queen Lillian II, LLC (the “Developer”) for redevelopment. The Developer’s project will incorporate a 5-story building with approximately 25,000 square feet of first floor commercial, 112 residential units, and a 3-story parking garage (the “Project”).

Subsequent to this approval, the Michigan Strategic Fund (the “MSF”) increased the original investment awarded to the Project. This increase allowed the Developer to eliminate higher interest debt and thereby reduced the overall debt service on the Project. This restructuring of the Project’s sources of funding left the Project in a strong financial position and allowed the Staff to renegotiate loan terms on behalf of the DBRA. The new loan terms (the “Modified Terms”) proposed to the DBRA are as follows:

**Original Principal Amount:** \$1,244,000.00

**Interest:** 5% annual interest accrues beginning at closing. Annual interest payments will be calculated annually based on the remaining principal. Interest not paid will accrue but not compound into the principle balance.

**Term:** 300 months. No prepayment penalties will be applied. Repayment of the loan will be due upon sale of the property or refinance of the existing mortgage.

**Payments:** Interest only payments due commencing on the first business day of the month following Closing, and every month thereafter for 120 months. Principal and interest payments will begin in month 121 and continue for 180 months through maturity. All unpaid principal and accrued but unpaid interest shall be due and payable on the maturity date.

**Reporting:** Annual financial statements prepared certified by a certified public accountant in accordance with Generally Accepted Accounting Procedures will be provided to the DBRA.

**Reporting:** Annual financial statements must be provided to the DBRA for review.

**Security:** Subordinated mortgage on Property; personal guarantees of Jim Jenkins and Chris Jackson

A resolution approving the Modified Terms and authorizing the DBRA to amend the terms previously approved to reflect the Modified Terms was attached for review and consideration.

Mr. Walters called for a motion approving the terms as presented. The Board took the following action:

On a motion by Mr. George, seconded by Mr. Scott, DBRA Resolution Code 17-11-228-07 was unanimously approved.

**East Jefferson Neighborhood Brownfield Redevelopment Plan: Extension to Complete Eligible Activities**

Mr. Vosburg presented the East Jefferson Neighborhood Brownfield Redevelopment Plan extension.

The East Jefferson Neighborhood Brownfield Redevelopment Plan (the “Plan”) was approved by the DBRA Board of Directors on March 23, 2011 and by Detroit City Council (the “Council”) on May 5, 2011. The Reimbursement Agreement was entered into on May 11, 2011.

Presbyterian Villages of Michigan EJNP Real Estate Company, LLC is the developer (the “Developer”) of the Plan which consists of four (4) parcels located at 3103 Wight Street and 3122, 3180, and 3196 Franklin Street on Detroit’s east side. The Plan entailed the renovation of two, vacant industrial buildings into an affordable assisted living center, an affordable senior housing center, adult day care and dementia centers, licensed nursing home apartments and a neighborhood café to be constructed in five (5) components. Total investment was estimated at \$38,000,000.00.

Eligible activities were to have been completed within three (3) years of the execution of the Reimbursement Agreement. The Michigan Economic Development Corporation had a similar three (3) year eligible activities completion requirement. Due to the significant economic downturn, components three (3) and four (4) were not completed within the three (3) year duration requirement. Recently, the Developer’s consultant contacted DBRA staff requesting an extension to components three (3) and four (4) as they are nearing completion and the Developer is preparing to submit for tax increment financing reimbursement. This communication can be found in Exhibit A.

As such, the Developer is requesting an extension to December 31, 2017 to complete all eligible activities.

DBRA staff recommends the approval of the extension.

A resolution granting the extension of the East Jefferson Neighborhood Redevelopment Plan duration requirements was attached for review and approval.

Mr. Walters called for a motion approving the extension request as presented. The Board took the following action:

On a motion by Mr. George, seconded by Ms. McClain, DBRA Resolution Code 17-11-207-04 was unanimously approved.

Mr. Walters requested that the walk on item be moved up on the agenda behind Project Line Item IV. No board members objected to this change in the agenda.

### **Uniroyal Project: Assignment and Assumption of Agreement to Purchase and Develop Land**

Ms. Navin presented the Uniroyal Project and the request for assignment.

On February 26, 2014, the Detroit Brownfield Redevelopment Authority (“DBRA”) executed the fifth amendment to the Development Agreement (as amended, “Agreement”) with Bettis/Bettters Development, LLC (the “Developer”) for the redevelopment of the City-owned property commonly known as the Uniroyal Site at 6000 E Jefferson (the “Property”). The Developer was originally selected for the redevelopment of the Property through a competitive Request for Proposals.

Pursuant to Section 18.03 of the Agreement, the Developer has requested DBRA’s approval to assign its interest as Developer to Belleview Redevelopment, LLC (the “Assignee”) which has been formed as a joint venture between Assignor and Riverfront Site, LLC (the “Assignment”), an affiliate of Bedrock. The proposed form of Assignment is attached hereto as **Exhibit A**.

In consideration of the approval of the proposed Assignment, representatives of DBRA, Developer and Assignee have agreed to the following terms (the “Conditions”):

- The Agreement will be amended to provide (i) that the Riverwalk will be subdivided from the Property and retained the City and (ii) that a greenway connecting the Riverwalk and the Beltline Greenway will be developed on the westernmost portion of the Property and the Property will be conveyed subject to an easement for the connector.
- Within 90 days following the Assignment, Assignee and the DBRA’s authorized agents must agree on the minimum requirements and milestones for the development contemplated under the Development Agreement.
- In the event that the parties do not agree to revised minimum development requirements and milestones, the Assignment will be null and void and the deadline for closing will be extended from March 1, 2019 to June 1, 2019.
- Assignee and DBRA will negotiate and execute an amended and restated development agreement reflecting the revised minimum requirements and milestones and other mutually agreeable modifications.

A resolution approving the proposed Assignment, subject to the Conditions was attached for review and consideration.

Ms. Wilkins asked about the delayed clean-up on the site. Mr. Scott responded and advised that to date there has been a \$35M (thirty-five-million-dollar) cleanup. Mr. Scott requested that the project be set-aside for further review.

Ms. DeSantis was concerned about the item being walked on without the board being able to review in advance. Ms. DeSantis advised that she does not feel comfortable approving an amended assignment for a project of this magnitude without advance notice

for review. Mr. Walters provided details on the necessity of an approval and the time constraints that the developer is facing.

Ms. Navin responded and advised that due to the concerns of the board members she proposed an amendment to the resolution that the “DBRA Board of Directors must agree on the minimum requirements and milestones for the development contemplated under the Development Agreement”.

Ms. McClain requested that the board be provided with a timeline of the history of the site and the project within 90 days.

Mr. Walters called for a motion approving the amended resolution. The Board took the following action:

On a motion by Mr. Scott, seconded by Ms. McClain, DBRA Resolution Code 17-11-130-15 was unanimously approved.

## **ADMINISTRATIVE**

### **EPA Environmental Assessment Grant Report Approval**

Mr. Vosburg presented the EPA Environmental Assessment Grant Report for approval.

On May 10, 2016, the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) and the City of Detroit (“City”), by and through its Building, Safety Engineering & Environmental Department (“BSEED”), entered into that certain Funding Agreement (the “Funding Agreement”) for the purpose of transferring Two Hundred Forty-Five Thousand and 00/100 Dollars (\$245,000.00) (the “Funds”) from the City to DBRA in order for the DBRA to develop a revolving loan program to make the Funds available as revolving loans to eligible developers for qualified clean-up costs on eligible property.

On July 27, 2016, the City wired the Funds to the DBRA.

On September 27, 2016, the DBRA and City amended the Funding Agreement to allow the Funds to be utilized for grants as well as revolving loans. The amendment also imposed an October 15, 2016 deadline to obligate the Funds and a June 1, 2017 deadline to expend the Funds. In the event the deadlines are not met, the Funds would become subject to recapture by the U.S. Environmental Protection Agency (“EPA”), the original source of the Funds.

On October 12, 2016, the DBRA approved awarding grants to project on a first come, first served basis for environmental assessment studies. 12 primary awardees were identified and additional projects were given conditional grant awards in the event that primary grantees were unable to expend their awarded funds.

9 primary awardees expended all of their awarded funds. 2 primary awardees only expended a portion of their funds after the environmental assessment studies determined

that environmental conditions were not as severe as anticipated. 1 primary awardee was determined to be ineligible for the grant funds. 1 conditional awardee expended all of its awarded funds. 1 conditional awardee expended a portion of its awarded funds at which point BSEED staff informed the DBRA that environmental studies already existed for the project property. These were the projects that were able to expend their awarded funds before the grant expenditure deadline was reached.

Of the \$245,000 in total funds assigned to the DBRA from BSEED, \$205,894.78 in funds were expended on awarded projects, and \$20,589.48 in funds were expended as the allowed DBRA 10% administrative fee for the grant program. The remaining \$18,515.74 in grant funds that were unable to be expended before the grant expenditure deadline will be returned to BSEED per concurrence with BSEED staff.

Included was a spreadsheet summarizing the awardees and financial details of each grant. Attached was a resolution authorizing a report and any required backup documentation to be submitted to BSEED summarizing the grant, as well as the return of unexpended grant funds to BSEED.

Mr. Walters called for a motion approving submittal of the report and the return of the unexpended funds to BSEED. The Board took the following action:

On a motion by Ms. Wilkins, seconded by Ms. DeSantis, DBRA Resolution Code 17-11-01-189 was unanimously approved.

### **EPA Environmental Assessment Grant Coalition Approval**

Mr. Vosburg presented the EPA Environmental Assessment Coalition for approval.

The DBRA staff was recently notified that the EPA has opened a new round of applications in connection with the EPA Brownfield Assessment grant program. Based on the overwhelming demand for Brownfield Assessment grants experienced with the EPA funds the DBRA obligated on behalf of the City, DBRA staff believe that it would be beneficial to apply for a new round of funding.

DBRA staff spoke with Wayne County Brownfield Redevelopment Authority (WCBRA) and the Detroit/Wayne County Port Authority (DWCPA) to review last year's application and inquire if there would be interest in a new coalition grant application. WCBRA staff, the lead applicant of last year's unsuccessful grant application, met with EPA staff to review the application and learned that it was very close to being selected. WCBRA staff are proposing to submit a similar coalition grant application as last year with edits and updates based on feedback from EPA staff.

The WCBRA and DWCPA were part of a previous successful environmental site assessment application in conjunction with the City of Detroit's Building, Safety Engineering & Environment Department (BSEED) that successfully completed obligating and expending all of its funds. Because of this prior success, the staffs of DBRA and the DWCPA have agreed that the WCBRA will again be the lead applicant on the grant

application and be responsible for administration of the funds if the coalition successfully receives the grant. By applying as a coalition, the DBRA is able to increase the maximum allowable grant from \$200,000 to \$600,000, take advantage of and learn from the DWCPA's experience and relationships with the EPA, as well as play a direct role in marketing the funds and selection of projects to receive the funds.

A resolution authorizing the DBRA to join the coalition and supporting the EPA grant application was attached for review and approval, as well as a sample letter from the DBRA for the grant application.

Mr. Walters called for a motion approving the request as presented. The Board took the following action:

On a motion by Mr. George, seconded by Mr. Scott, DBRA Resolution Code 17-11-01-190 was unanimously approved.

#### **OTHER**

In order to be more environmentally sustainable, Board Members Mr. George and Ms. Wilkins made a request to DBRA staff for tablets to review Board items in lieu of paper agendas. The Chair requested that Mr. George and Ms. Wilkins formally submit the request in writing. DBRA staff informed the DBRA Board that they would research the feasibility of the request.

#### **PUBLIC COMMENT**

None

#### **ADJOURNMENT**

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

On a motion by Mr. George, seconded by Ms. Wilkins the meeting was unanimously adjourned at 5:00 PM.