



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
REGULAR BOARD OF DIRECTORS MEETING
WEDNESDAY, JULY 8, 2020
4:00 PM**

BOARD MEMBERS PRESENT:

Pamela McClain
John George
Stephanie Washington
Amanda Elias
Maggie DeSantis
Raymond Scott
Sonya Mays

BOARD MEMBERS ABSENT:

Juan Gonzalez
Donele Wilkins

OTHERS PRESENT:

Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Paul Kako (DEGC)
Malinda Jensen (DEGC)
Rebecca Navin (DEGC)
Catherine Frazier (DEGC)
Ngozi Nawaesei (Lewis & Munday)
Mike Abdulnoor (Detroit Hospitality)
Ginny Dougherty (PM Environmental)
Adam Hofmann (JGH Consulting)
John Hambrick (JGH Consulting)
Julie Schneider (HRD, City of Detroit)



**MINUTES OF THE DETROIT BROWNFIELD
REDEVELOPMENT AUTHORITY REGULAR MEETING
WEDNESDAY, JUNE 24, 2020
HELD VIA ZOOM VIRTUAL MEETING**

CALL TO ORDER

Chair Raymond Scott called the meeting to order at 4:00 PM.

Ms. Kanalos took a roll call of the DBRA Board Members present.

GENERAL

Approval of Minutes:

Mr. Scott called for a motion approving the minutes of June 24, 2020 as presented. The Board took the following action:

Ms. McClain made a motion approving the minutes of the June 24, 2020 Board meeting, as presented. Mr. George seconded the motion. A roll call vote was conducted with the following result:

Ayes: Ms. DeSantis, Mr. George, Ms. Elias, Ms. McClain, Mr. Scott, and Ms. Washington
Nays: None.

DBRA Resolution Code 20-07-02-278 was approved.

The Royal Palm Detroit Brownfield Redevelopment Plan

Mr. Vosburg presented the Royal Palm Detroit Brownfield Redevelopment Plan to the DBRA Board.

Project Introduction

Downtown Hospitality Detroit, LLC is the project developer (the "Developer") for the Plan. The project is a planned rehabilitation of the existing 13-story historic Park Avenue House located at 2305 Park Avenue which was designed by Louis Kamper and constructed in 1924. At approximately 103,367 square feet, the building will be converted from its former residential use into a 172-room hotel with a ground floor café and bar/restaurant. The hotel will be branded as part of the Tapestry Collection by Hilton and will reopen as the Royal Palm Detroit.

The total investment is estimated to be \$50 million. The Developer is requesting \$2,569,492.00 in TIF reimbursement.

There will be approximately 65 temporary construction jobs and 65 FTE jobs.

Property Subject to the Plan

The eligible property (the "Property") consists of one (1) parcel located at 2305 Park Avenue roughly bounded by the property line to the north, Park Avenue to the east, West Montcalm Street to the south, and the property line to the west in Detroit's Arena 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 commercial and 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 historic resource 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 Preapproved Activities, demolition, asbestos and lead abatement, infrastructure improvements, site preparation, and preparation and implementation of a brownfield plan and Act 381 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 commence within 18 months of approval of the Plan and be completed within 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. Preapproved Activities | \$48,150.00 |
| 2. Demolition | \$1,309,000.00 |
| 3. Lead and Asbestos Activities | \$170,000.00 |
| 4. Site Preparation | \$596,000.00 |
| 5. Infrastructure Improvements | \$91,240.00 |
| 6. Brownfield Plan & Work Plan Preparation/Implementation | \$30,000.00 |
| 7. Contingency (15%) | \$324,936.00 |
| Total Reimbursement to Developer | \$2,569,326.00 |
| 8. Authority Administrative Costs | \$466,610.00 |
| 9. State Brownfield Redevelopment Fund | \$378,621.00 |
| 10. Local Brownfield Revolving Fund | \$153,935.00 |
| TOTAL Estimated Costs | \$3,568,492.00 |

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, which will include local and/or state approval of an Obsolete Property Rehabilitation Abatement (PA 146).

DBRA-CAC Letter of Recommendation

The DBRA-CAC recommended approval of the Plan at the June 24, 2020 CAC meeting. Attached is the DBRA-CAC’s letter of recommendation for the DBRA Board’s consideration.

Public Comments

The DBRA public hearing for the Plan will be held on Tuesday, July 7, 2020 at 4:00 pm via Zoom. The results of the DBRA public hearing will be attached.

Attached for the DBRA Board’s review and approval was a resolution approving the Royal Palm Detroit Brownfield Redevelopment Plan and its submittal to Detroit City Council.

Ms. Mays joined the meeting at 4:15 pm.

Ms. Schneider gave additional information regarding the relocation of the former residents and their living conditions in the building, the cooperation of the Developer with the Housing and Revitalization Department (HRD) of the City of Detroit and the United Community Housing Coalition in the relocation of the former residents, and that 83 former residents accepted relocation assistance and 52 of those were eligible for financial assistance for the relocation.

Mr. George asked how many hotel rooms are expected to be in the future hotel. Mr. Abdulnoor stated that there will be approximately 172 hotel rooms.

Ms. DeSantis asked why Mr. Rhoades, a member of the DBRA-CAC, voted against recommending approval of the Plan and asked who Mr. Rhoades is. Mr. Vosburg stated that Mr. Rhoades is a member of the DBRA-CAC and a former attorney for the City of Detroit and he expressed concerns about gentrification at the DBRA-CAC meeting and at the local public hearing and that Mr. Rhoades was the only no vote for the Plan and there was one abstention.

Ms. McClain stated that this is the strongest vote against a project that she has seen in her time serving as a DBRA Board member.

Mr. Scott asked if the local public hearing minutes and the minutes of the DBRA-CAC meeting are presented to City Council. Ms. Kanalos stated that the local public hearing minutes and the DBRA-CAC meeting minutes are included in the package that is submitted to City Council for the Plan. Mr. Vosburg added that there was a robust conversation at the DBRA-CAC meeting about Mr. Rhoades' concerns about the Plan, but Mr. Rhoades was the only DBRA-CAC member that voted against recommending approval of the Plan.

Ms. Schneider stated that this relocation was different from other relocations that have occurred in the City because the Property was not being renovated for residential use and the former residents would not be brought back to the Property so this was the first permanent relocation of residents from a building and the living conditions of the former residents at the Property were not acceptable per building codes, nor was the property zoned for apartment use.

Ms. McClain asked if the former residents were now in better housing with more appropriate living conditions. Ms. Schneider confirmed that the former residents who worked with the United Community Housing Coalition were placed in residential units with much improved living conditions, most of whom were able to stay in the greater Downtown area.

Ms. DeSantis stated that clearly Mr. Rhoades had a principled vote against recommending approval of this Plan and that the DBRA Board should pay closer attention to the problems of gentrification because it is a large problem in the City of Detroit and that the Housing and Revitalization Department is committed to addressing it.

Ms. Washington stated that she wanted to commend the Developer and HRD for assisting the former residents with their relocation and getting them into residential units with proper living conditions and for being sensitive and thoughtful in placing the former residents.

Mr. Scott called for a motion to approve the Royal Palm Detroit Brownfield Redevelopment Plan and its submittal to City Council, as presented. The Board took the following action:

Ms. DeSantis made a motion to approve the Royal Palm Detroit Brownfield Redevelopment Plan and its submittal to City Council, as presented. Ms. McClain seconded the motion. A roll call vote was conducted with the following result:

Ayes: Ms. DeSantis, Mr. George, Ms. Elias, Ms. McClain, Mr. Scott, Ms. Mays and Ms. Washington

Nays: None.

DBRA Resolution Code 20-07-289-02 was approved.

Land Assembly Project: Authorization to Enter into Land Transfer Agreement for Greater Eastern Market

Ms. Frazier presented the Land Assembly Project: Authorization to Enter into Land Transfer Agreement for Greater Eastern Market to the DBRA Board.

From 2018 to 2020, the Economic Development Corporation of the City of Detroit (the “EDC”) led a Neighborhood Framework Planning Study for the Eastern Market area of the city of Detroit on behalf of the City of Detroit Planning Department (“PDD”). The three main goals of the Framework Plan are: 1) create jobs for Detroiters by expanding the food sector; 2) improve the quality of life for residents; and 3) keep the authenticity and function of Eastern Market.

The demand and need for new or improved food manufacturing and processing real estate space continues to increase. As of March of 2018, there were over 300 businesses and 6700 employees in the Eastern Market area, of which 97 business and over 1500 employees are directed connected to the food sector. Existing food manufacturing businesses within Eastern Market need to expand due to antiquated facility space, and increased sales. At the same time, new food businesses desire to locate near Eastern Market to take advantage of the synergy of food sector supply line. Lack of space within the Eastern Market core significantly limits this expansion.

The Eastern Market Framework Plan lays out an urban sensitive design and thoughtful manner for food industry businesses to locate or expand in an area immediately adjacent to the Market Core known as “Greater Eastern Market” (as depicted on **Exhibit A** and hereinafter referred to as the “Greater Eastern Market”). The boundaries are generally Dequindre Cut or Rail line on the west, Grandy St on the east, Superior St on the North, and Wilkins St on the South, with a few additional parcels within the Eastern Market Core.

The City of Detroit (the “City”) administration has requested the assistance of the City of Detroit Brownfield Redevelopment Authority (“DBRA”) in industrial land assembly activities aimed at establishing market-ready industrial sites in and around Greater Eastern Market in order to attract food manufacturing and logistics companies (the “EM Land Assembly Project”). DBRA’s activities in connection with the EM Land Assembly Project are expected to include, but not be limited to, the acquisition, marketing and disposition of publicly and privately-owned property, primarily in Greater Eastern Market, with limited parcels in Eastern Market Core, and public infrastructure and site readiness activities relating thereto. It is expected that the costs of the EM Land Assembly Project will be funded largely through the net sale proceeds from the disposition of properties in Greater Eastern Market.

In connection with the EM Land Assembly Project, DBRA seeks to enter into land transfer agreements with each of the City and Detroit Land Bank Authority (“DLBA”) for the parcels owned by the City and DLBA listed on **Exhibit B** (with respect to the City) and **Exhibit C** (with respect to DLBA), as well as any other parcels now or hereinafter owned by the City and the DLBA within the marked development blocks depicted on **Exhibit A** (“City Property” and “DLBA Property”, respectively). Pursuant to the land transfer agreement with the City, the purchase price for the City Property would be the City assessor’s land value for each City Property, payable solely from net sale proceeds upon the sale of the City Property to a third-party developer and/or end user. Each development agreement with a third-party developer and/or end user will be subject to the approval of the PDD Director.

Pursuant to the land transfer agreement with the DLBA, the form of which has been approved by the DLBA board and is attached hereto as **Exhibit D**, the salient terms of each proposed development with a third-party developer and/or end user will be subject to the approval of the DLBA Board. The purchase price payable to the DLBA for the DLBA Property will be the greater of the price to be negotiated between DBRA and DLBA with each development, and 10% of the gross purchase price attributable to the DLBA Property.

The transfer of the City Property and the DLBA Property remains subject to City Council approval.

A resolution approving the following was attached for the Board's consideration: i) negotiation and execution of a Land Transfer Agreement between the DBRA and the City for the City Property, ii) approval and execution of a Land Transfer Agreement between the DBRA and the DLBA for the DLBA Property substantially in the form attached hereto as **Exhibit D**.

Ms. DeSantis disclosed that she serves as a board member of the Eastern Market Development Corporation.

Ms. DeSantis asked for more information about the role of the Eastern Market Partnership in the Land Transfer Agreement being presented to the DBRA Board. Ms. Frazier stated that the Eastern Market Partnership does not play a roll in the Land Transfer Agreement being presented to the DBRA Board.

Mr. Scott called for a motion to approve the Land Assembly Project: Authorization to Enter into Land Transfer Agreement for Greater Eastern Market, as presented. The Board took the following action:

Ms. DeSantis made a motion to approve the Land Assembly Project: Authorization to Enter into Land Transfer Agreement for Greater Eastern Market, as presented. Ms. Washington seconded the motion. A roll call vote was conducted with the following result:

Ayes: Ms. DeSantis, Mr. George, Ms. Elias, Ms. McClain, Mr. Scott, Ms. Mays and Ms. Washington

Nays: None.

DBRA Resolution Code 20-07-290-01 was approved.

ADMINISTRATIVE

Appointment of LBRF Committee Member

Ms. Kanalos presented the Appointment of LBRF Committee Member to the DBRA Board.

A position on the Local Brownfield Revolving Fund (LBRF) of the Detroit Brownfield Redevelopment Authority is currently vacant.

DBRA staff proposes that the Board Chair open the floor to nominations, followed by a vote of the Board.

Attached for Board review and approval was a resolution approving the appointment of a DBRA Board Member to the DBRA LBRF Committee.

Ms. Kanalos that Mr. Scott and Ms. Wilkins are currently members of the LBRF Committee.

Mr. Scott asked if any DBRA Board Members would like to nominate another DBRA Board Member to serve on the LBRF Committee.

Ms. Washington asked if there were any DBRA Board Members interested in serving on the LBRF Committee. Ms. McClain stated that she would be willing to serve on the LBRF Committee.

Ms. Washington made a motion to nominate Ms. McClain to serve as a member of the LBRF Committee. Ms. DeSantis seconded the motion. A roll call vote was conducted with the following result:

Ayes: Ms. DeSantis, Mr. George, Ms. Elias, Ms. McClain, Mr. Scott, Ms. Mays, and Ms. Washington

Nays: None.

DBRA Resolution Code 20-07-01-226 was approved.

OTHER

None.

PUBLIC COMMENT

None.

ADJOURNMENT

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

On a motion by Mr. George, seconded by Ms. DeSantis the meeting was unanimously adjourned at 4:44 PM.



CODE DBRA 20-07-02-278

APPROVAL OF MINUTES JUNE 24, 2020

RESOLVED, that the minutes of the regular meeting of June 24, 2020 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.

July 8, 2020



CODE DBRA 20-07-289-02

ROYAL PALM DETROIT 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 Council”) for the purpose of promoting the revitalization of environmentally distressed areas in the City of Detroit; 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, in accordance with the policies, procedures and bylaws governing the DBRA, the DBRA has submitted a proposed Brownfield Plan for the **Royal Palm Detroit Redevelopment Project** (the “Plan”) to the Community Advisory Committee for its consideration and comment and has solicited comments by the public by publication of notice stating 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 DBRA and the City Council as presented by the DBRA; and

WHEREAS, in accordance with the provisions of Act 381, the Board of Directors of the DBRA has considered the proposed Plan and desires to approve the proposed Plan and to request that City Council call a public hearing to consider and adopt a resolution approving the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors of the DBRA has determined that the adoption of the Brownfield Plan for the **Royal Palm Detroit Redevelopment Project** is in keeping with the purposes of Act 381 and recommends submittal of the Plan to City Council for approval.
2. The Board of Directors of the DBRA approves the Plan substantially in the form attached hereto and on file with the Secretary of the DBRA.
3. Any Authorized Agent of the DBRA 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 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. That any one of the officers and any one of the Authorized Agents of the DBRA or any two of the Authorized Agents of the DBRA shall hereafter have the authority to negotiate and execute all documents, contracts, or other papers, and take such other actions, necessary or appropriate to implement the provisions and intent of this Resolution on behalf of the DBRA.

5. That all of the acts and transactions of any officer or authorized agent of the DBRA, in the name and on behalf of the DBRA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

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

July 8, 2020



CODE DBRA 20-07-290-01

LAND ASSEMBLY PROJECT: AUTHORIZATION TO ENTER INTO LAND TRANSFER AGREEMENT FOR GREATER EASTERN MARKET SITE AND ACCEPT FUNDS

WHEREAS, in connection with the recently Eastern Market Framework Plan lays out an urban sensitive design and thoughtful manner for food industry businesses to locate or expand in an area immediately adjacent to the Market Core known as “Greater Eastern Market” (as depicted on **Exhibit A** and hereinafter referred to as the “Greater Eastern Market”), the boundaries of which are generally Dequindre Cut or Rail line on the west, Grandy St on the east, Superior St on the North, and Wilkins St on the South, with a few additional parcels within the Eastern Market Core; and

WHEREAS, the City of Detroit (the “City”) administration has requested the assistance of the City of Detroit Brownfield Redevelopment Authority (“DBRA”) in industrial land assembly activities aimed at establishing market-ready industrial sites in and around the Greater Easter Market in order to attract food industry businesses (the “EM Land Assembly Project”); and

WHEREAS, in connection with the EM Land Assembly Project, DBRA seeks to enter into land transfer agreements with each of the City and Detroit Land Bank Authority (“DLBA”) for the parcels owned by the City and DLBA listed on **Exhibit B** (with respect to the City) and **Exhibit C** (with respect to DLBA), as well as any other parcels now or hereinafter owned by the City and the DLBA within the marked development blocks depicted on **Exhibit A** (“City Property” and “DLBA Property”, respectively); and

WHEREAS, pursuant to the land transfer agreement with the City, the purchase price for the City Property would be the City assessor’s land value for each City Property, payable solely from net sale proceeds upon the sale of the City Property to a third-party developer and/or end user and each development agreement with a third-party developer and/or end user will be subject to the approval of the City’s Planning and Development Department Director; and

WHEREAS, pursuant to the land transfer agreement with the DLBA, the form of which has been approved by the DLBA board and is attached hereto as **Exhibit D**, the purchase price payable to the DLBA for the DLBA Property will be the greater of the price to be negotiated between DBRA and DLBA with each development, and 10% of the gross purchase price attributable to the DLBA Property; and

WHEREAS, the transfer of the City Property and the DLBA Property remains subject to City Council approval; and

WHEREAS, the DBRA Board has determined that the transaction contemplated herein is consistent with the DBRA’s purposes of promoting the revitalization and reuse of certain properties and is otherwise consistent with its powers and purposes.

NOW, THEREFORE, BE IT RESOLVED, that the DBRA Board of Directors hereby approves the transactions contemplated herein and the DBRA’s actions required to be undertaken thereunder.

BE IT FURTHER RESOLVED, that any one of the officers and any one of the Authorized Agents of the DBRA or any two of the Authorized Agents of the DBRA shall hereafter have the authority to negotiate

and execute a land transfer agreement with the City and execute the Land Transfer Agreement with the DLBA in substantially the form attached hereto as **Exhibit D**, together with such changes deemed necessary or appropriate by DBRA counsel and the executing officers and/or Authorized Agents, so long as such changes are not materially inconsistent with the terms of this Resolution.

BE IT FURTHER RESOLVED, that any one of the officers and any one of the Authorized Agents of the DBRA or any two of the Authorized Agents of the DBRA shall hereafter have the authority to negotiate and execute all other documents, contracts, or other papers, and take such other actions, necessary or appropriate to implement the provisions and intent of this Resolution on behalf of the DBRA.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any officer or Authorized Agent of the DBRA, in the name and on behalf of the DBRA, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

July 8, 2020



CODE DBRA 20-07-01-226

ADMINISTRATION: APPOINTMENT OF LBRF COMMITTEE MEMBER

RESOLVED, that the following is hereby elected as a member of the Budget Committee of the Detroit Brownfield Redevelopment Authority:

Pamela McClain

July 8, 2020