



**DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
LBRF COMMITTEE MEETING
TUESDAY, AUGUST 11, 2020
3:00 PM**

COMMITTEE MEMBERS PRESENT: Pamela McClain
Donele Wilkins
Raymond Scott

COMMITTEE MEMBERS ABSENT: None.

OTHERS PRESENT: Jennifer Kanalos (DEGC/DBRA)
Brian Vosburg (DEGC/DBRA)
Cora Capler (DEGC/DBRA)
Glen Long (DEGC/DBRA)
Malinda Jensen (DEGC/DBRA)
Paul Kako (DEGC/DBRA)

CALL TO ORDER

Mr. Scott, as DBRA Board Chair, called the meeting to order at 3:00 PM.

GENERAL

Election of Committee Chair:

Mr. Scott called for nominations for Chairperson of the LBRF Committee.

Mr. Scott nominated Ms. McClain for Chairperson of the LBRF Committee. Ms. Wilkins seconded the nomination.

A roll call vote was conducted with the following result:

Ayes: Ms. McClain, Mr. Scott, and Ms. Wilkins

Nays: None.

Ms. McClain was unanimously elected as Chairperson of the LBRF Committee.

Proposed Local Brownfield Revolving Fund Loan Request for Riopelle Market Development LP for the Mosaic Eastern Market Project

Mr. Vosburg presented the Proposed Local Brownfield Revolving Fund Loan Request for Riopelle Market Development LP for the Mosaic Eastern Market Project to the LBRF Committee.

LOAN PURPOSE AND DEVELOPMENT DESCRIPTION

Riopelle Market Development, LP, (the "Developer") is development team formed in 2018 led by George Jackson, Brian Holdwick, Malik Goodwin, and Grant Greschuk. The Developer is seeking to redevelop the former Detroit Water & Sewerage Department building located at 3500 Riopelle (the "Property") in Eastern Market into a mixed-use commercial development (the "Project"). To facilitate the development, the Developer is seeking a \$250,000.00 (the "Loan") from the Detroit Brownfield Redevelopment Authority ("DBRA") Local Brownfield Revolving Fund (the "LBRF"). The Project's Mosaic Eastern Market Brownfield

Plan was approved by the DBRA Board of Directors on October 23, 2019 and City Council on November 5, 2019 and the Work Plan was approved on January 22, 2020 by the Michigan Strategic Fund (the "MSF").

The loan request is a result of the Developer's desire to begin Brownfield Plan Eligible Activities at the Project, often the first construction activities of any project, in advance of their closing on their construction loan. The Project has received a \$27,210,000.00 construction financing letter of interest from TCF/Chemical Bank (the "Construction Loan") as well as PACE financing from PACE Equity. The Loan will have a term of twelve (12) months and will be repaid upon the earlier to occur of the closing of the Construction Loan or the maturity date. No monthly payments of principal and interest will be due on the balance of the Loan. The Developer is proposing collateral to the DBRA in the form of first-lien position mortgage on the Property which has been valued at \$3,116,838.00 per a Broker's Price Opinion.

The Loan will support a \$24 million mixed-use renovation of a 105,544 square foot building with commercial office space, food accelerator space, restaurant space, event space, and common area space supported by 370 on-site surface parking spaces. The Project will also feature a rooftop solar panel installation as well as a green stormwater system. Approximately \$4.47 million in Brownfield TIF revenue will be captured for eligible activities which include environmental studies and remediation, demolition, lead & asbestos abatement, site preparation, infrastructure, brownfield and work plan preparation, and interest.

This Project brings back to life a large vacant building and site on the east side of Eastern Market, adding activity and uses identified as critical needs by the Eastern Market Corporation. It is projected to create a total of 200 construction jobs and 150-250 FTEs permanent jobs.

Under the LBRF, funds are available to developers to use for only Brownfield Plan eligible activities with approved Brownfield Plans. Loans and Grants are available for all eligible activities on eligible property defined under Michigan Public Act 381 of 1996, as amended. As the Developer has an approved Brownfield Plan and the Property is an eligible property under Act 381, DBRA staff is recommending approval of the Loan in accordance with the proposed terms and sources and uses below.

Borrower Name:	Riopelle Market Development, LP
Borrower Location:	3500 Riopelle, Detroit MI 48207
Request:	\$250,000.00
Interest Rate:	4.0% per annum
Fee:	1% of the loan amount due at application.
Term:	Twelve (12) months.
Repayment:	On the earlier to occur of the closing of the Construction Loan or the maturity date of the Loan, a balloon payment of principal plus accrued interest shall be due and payable.
Security:	First lien mortgage on the Property. Property has a value of \$3,116,838.00 per a Broker's Price Opinion.
Eligible Uses:	Demolition and demolition soft costs.
Disbursement:	DBRA will disburse funds no more frequently than on a monthly basis for Developer's requested eligible expenses.
Conditions:	Satisfactory review and acceptance of standard due diligence items. Binding commitments for construction loan(s).

Borrower will provide itemized schedule and use of funds.
 Execution of mutually acceptable loan documents.
 Issuance of a Loan Policy of Title Insurance at closing.

TOTAL SOURCES		
Senior Debt		
TCF Bank (f.k.a. Chemical Bank) Construction Loans	\$27,210,000	73.0%
PACE Financing	\$3,420,000	9.2%
Cash Equity		
Cash Equity Owner	\$4,603,542	12.4%
Eastern Market Corporation Pre-Paid 20 Years Rent	\$2,000,000	5.4%
TOTAL DEVELOPMENT SOURCES	\$37,233,542	100.0%

ELIGIBLE USES OF \$250,000 LBRF LOAN FROM SCHEDULE OF VALUES	
Eligible Costs	
Debris Removal	\$298,653
Roof Demolition	\$472,028
Select Interior Demolition	\$221,473
Site Demolition	\$157,139
Demolition Soft Costs: proj. mgmt., bid specs, oversight	\$30,289
TOTAL AVAILABLE ELIGIBLE LBRF USES	\$1,179,581

Mr. Goodwin provided more information about the project including the work that has been performed to date, the timeline for City approvals for the project and construction, and the phased approach to complete the abatement work on the Property.

Ms. Wilkins asked if the plans for the project have been adjusted to accommodate increased outdoor space. Mr. Goodwin stated that the Developer has been flexible given the current circumstances surrounding COVID-19 and has been looking at adding additional patio space and the modified functions of the space. Mr. Holdwick added that the building is currently a blank canvas and can easily be adjusted according to the needs to the future tenants.

Mr. Scott asked how many leases have been secured for the building. Mr. Holdwick stated that the Developer currently has four Letters of Interest which represent about 20,000 square feet of the 100,000 square feet that will be available in the building and that additional leases are being negotiated but have been pushed back due to COVID-19.

Mr. Holdwick asked for clarification on the requirement for the binding commitments for construction loan(s). Mr. Vosburg stated that the binding commitments for construction loan(s) was a carry over from the template used to create the board documents and does not have to be a condition of the Loan. Mr. Long confirmed that binding commitments for construction loan(s) do not need to be a condition of the Loan because of the use of the funds.

Ms. McClain asked what the timelines are for the review for certain items for the Loan. Ms. Kanalos stated that DBRA staff will be reviewing certain items for the Loan after the terms of the Loan are approved by the DBRA Board.

Mr. Scott asked for clarification on what the Committee is being asked to recommend approval of. Ms. Kanalos stated that the Committee is being asked to recommend approval of the terms of the Loan.

Citing no further discussion, Ms. McClain called for a motion recommending support for the Proposed Local Brownfield Revolving Fund Loan Request for Riopelle Market Development LP for the Mosaic Eastern Market Project, as presented. The Committee took the following action:

Mr. Scott made a motion recommending support for the Proposed Local Brownfield Revolving Fund Loan Request for Riopelle Market Development LP for the Mosaic Eastern Market Project, as presented. Ms. Wilkins seconded the motion. A roll call vote was conducted with the following result:

Ayes: Ms. McClain, Mr. Scott, and Ms. Wilkins

Nays: None.

The committee members present unanimously recommended approval of the Proposed Local Brownfield Revolving Fund Loan Request for Riopelle Market Development LP for the Mosaic Eastern Market Project, as presented.

PUBLIC COMMENT

None.

ADJOURNMENT

Citing no further business, Ms. McClain called for a motion to adjourn the meeting. Committee members present unanimously approved adjournment at 3:35 PM.