

City of Detroit

Brownfield Redevelopment Authority

Community Advisory Committee

500 Griswold Street • Suite 2200

Detroit, Michigan 48226

Phone: 313 963-2940

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DETROIT BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES OF THE
SPECIAL COMMUNITY ADVISORY COMMITTEE MEETING
WEDNESDAY, MARCH 15, 2017 -- 5:00 PM
AT DEGC OFFICES
500 GRISWOLD, SUITE 2200
DETROIT, MI

COMMITTEE MEMBERS

PRESENT: Kamal Cheeks
Michelle Lee
Julian Hill
Brad Lutz
Allen Rawls
Simone Sagovac
Sandra Stahl

COMMITTEE MEMBERS

ABSENT: John George

OTHERS PRESENT: Brian Vosburg (DEGC/DBRA)
Ayesha Maxwell (DEGC/DBRA)
Jennifer Kanalos (DEGC/DBRA)
Bret Stuntz (AKT Peerless)
Kirstie Hardy (AKT Peerless)
Ron Castellano (HKD LLC)
Hazel Balabam (HKD LLC)
David Williams (City of Detroit JET)
Katrina Chaves (City of Detroit HRD)
Matt Walters (City of Detroit JET)
Jamaine Dickens (PSE)
Richard Haddad (PSE)
Richard Barr (Honigman)
Tom Habitz (HFHS)
Awenate Cobbina (PSE)

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Call to Order

Mr. Rawls, Chair, called the meeting to order at 5:05 p.m.

General

Approval of Minutes

Mr. Rawls called for approval of the minutes of the November 9, 2016 (resolution) DBRA-CAC meeting. The Committee took the following action:

On a motion by Mr. Lutz, seconded by Mr. Hill, DBRA-CAC Resolution Code 17-03-02-121, approving the November 9, 2016 CAC minutes, was unanimously approved.

Projects

Detroit Pistons Corporate Headquarters and Practice Facility

Mrs. Kanalos presented the Detroit Pistons Corporate Headquarters and Practice Facility project was submitted for review and consideration. A PowerPoint presentation provided renderings and maps. Mrs. Kanalos responded to CAC a member question regarding Proposal B and as it relates to TIF. The developer responded to CAC member questions regarding construction and infrastructure, community meetings, future tenants and uses of the building, Detroit based contractors and residents, job creation and plans for the redevelopment of the entire site.

Project Introduction

Palace Sports and Entertainment (“PSE”) and Henry Ford Health System are the project developers (the “Developers”) for the Plan which entails the construction of a corporate headquarters and practice facility for the Detroit Pistons National Basketball Association team. The facility is expected to include approximately 128,000 square feet of office space, locker and training rooms and a practice facility, all within a single facility (the “Pistons Facility”). The Pistons Facility is expected to include ground-floor retail or commercial space for uses that may include a team store, restaurant and/or bank.

The Plan also includes an approximately 25,000 square foot sports medicine and medical office building to be constructed, owned and operated by HFHS. The Pistons Facility and the HFHS Facility will be joined by an approximately 400 space above-grade parking structure. It is estimated that 120 temporary construction jobs will be created at the overall property and 150 permanent jobs will be created in connection with the Pistons Facility.

Total investment is expected to exceed \$83,000,000.00. The Developers are requesting \$19,348,568.00 in TIF reimbursement under the proposed Plan.

Property Subject to the Plan

The eligible property (the “Property”) consists of three (3) parcels located at 6201 Second Avenue and 690 Amsterdam, north of Amsterdam and between Second Avenue and Third Avenue in Detroit’s Midtown/New Center Area.

Basis of Eligibility

The property is considered “eligible property” as defined by Act 381, Section 2 because (a) the property was previously utilized or is currently utilized for a commercial, public or residential purpose; (b) it is located within the City of Detroit, a qualified local governmental unit under Act 381; and (c) the Property is a “facility” pursuant to Part 201 or is adjacent or contiguous thereto.

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 site assessment activities, due care activities, additional response activities, site demolition, asbestos abatement, site preparation, infrastructure improvements, interest, and development, preparation, and implementation of a brownfield plan and/or 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 2017 and complete 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. Brownfield Plan and MDEQ/MSF Work Plan Preparation	\$30,000.00
2. Baseline Environmental Assessment Activities	\$28,000.00
3. Additional Response Activities (Effective 4/3/17, part of “Department Specific Activities”)	\$313,000.00
4. Due Care Activities	\$25,000.00
5. Site Preparation	\$2,451,579.00

6. Infrastructure Improvements, including a park deck, storm water management features and right of way improvements.	\$13,263,483.00
7. Lead and Asbestos Survey and Abatement	\$26,500.00
8. Site Demolition	\$146,573.00
9. Brownfield Plan Implementation	\$30,000.00
10. DEQ Activities Contingency (15%)	\$50,400.00
11. MSF Activities Contingency (15%)	\$2,383,220.00
12. Interest (capped at \$3,000,000.00)	\$608,861.00
Total Reimbursement to Developer	\$19,348,568.00
13. Authority Administrative Costs	\$2,372,586.00
14. State Brownfield Redevelopment Fund	\$1,018,068.00
15. Local Brownfield Revolving Fund	\$0.00
TOTAL Estimated Costs	\$22,739,222.00

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 Development Incentives

PSE will seek additional support through a Commercial Rehabilitation Act Abatement (PA 210).

Attached for review and approval were three (3) resolutions: 1.) a resolution supporting the Plan Amendment in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Rawls called for a motion recommending the Detroit Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan.

Mr. Hill motioned to recommend approval of the Detroit Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan without a CAC public hearing and without appointing special members. Mr. Cheeks seconded the motion. Mr. Cheeks, Mr. Lutz, Mr. Hill and Ms. Lee voted aye. Ms. Sagovac and Ms. Stahl voted no. DBRA-CAC Resolution Code 16-11-243-01, recommending approval of the Detroit Pistons Corporate Headquarters and Practice Facility Campus Brownfield Redevelopment Plan, was approved.

Former Herman Kiefer Health Complex

Mr. Vosburg presented the Former Herman Kiefer Health Complex project that was submitted for review and consideration. A PowerPoint presentation provided renderings and maps. Mr. Vosburg responded to CAC a member question regarding Proposal B and as it relates to TIF. The developer responded to CAC member questions regarding

construction and infrastructure, community meetings, future tenants and uses of the building, Detroit based contractors and residents, job creation and plans for the redevelopment of the entire site.

Project Introduction

Herman Kiefer Development, LLC is the project developer (the “Developer”) for the Plan which entails the rehabilitation of the vacant former Herman Kiefer Health Department complex, two vacant former Detroit Public Schools and 510 residential parcels, 503 of which will be acquired from the Detroit Land Bank Authority and City of Detroit. In total the project includes 84.95 acres of land and well over 500,000 square feet of existing buildings. The project proposes the reuse of the Herman Kiefer complex buildings and the former Crosman and Hutchins schools into commercial uses. Residential homes will be rehabilitated to the extent possible and leased or sold. Vacant land will be put into productive reuse.

The total investment is estimated to be approximately \$143 million. The Developer is requesting \$47,767,473.00 in TIF reimbursement.

Property Subject to the Plan

The eligible property (the “Property”) consists of five-hundred fifteen (515) parcels largely located west of the John C. Lodge Freeway and south of Clairmount Street. Please see Attachment A and B of the Plan for a list and map of parcels.

Basis of Eligibility

The property is considered “eligible property” as defined by Act 381, Section 2 because (a) the property was previously utilized for residential or public 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, blighted and/or adjacent to or contiguous to an eligible parcel and is estimated to increase the captured taxable value of that property as defined by Act 381. The three Herman Kiefer Health Complex parcels at 1151 Taylor, 1110 Clairmount and 8700 Byron, the Hutchins School at 1501 Hazelwood and the Crosman School at 9027 John C Lodge have all been declared facilities pursuant to Part 201 by the MDEQ. The 510 surrounding residential parcels (see Attachment B in the Plan) have been initially determined to be blighted per Act 381 via an initial determination of blight letter from Detroit City Planning Commission staff. Documents supporting these determinations can be found in Attachments B, G and H of the Plan.

Eligible Activities and Projected Costs

The “eligible activities” that are intended to be carried out in four (4) phases at the Property are considered “eligible activities” as defined by Sec 2 of Act 381, because they include baseline environmental site assessment activities, due care activities, additional response activities, environmental insurance, demolition, lead and asbestos abatement, site preparation, infrastructure improvements, preparation of a brownfield plan and work plan, a 15% contingency as well as 5% simple interest after expiration of tax abatements. 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 2017. Phases will be completed within the following timeline from approval of the Plan: Phase I three (3) years, Phase II five (5) years, Phase III seven (7) years, and Phase IV ten (10) 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. BEA Activities	\$100,605.00
2. Due Care Activities	\$912,000.00
3. Additional Response Activities	\$1,151,000.00
4. Environmental Insurance	\$274,101
5. Demolition	\$9,890,611.00
6. Lead & Asbestos Abatement	\$4,299,475.00
7. Site Preparation	\$12,962,703.00
8. Infrastructure Improvements	\$8,662,172.00
9. Brownfield Plan & Act 381 Work Plan	\$96,000.00
10. Contingency – (15%)	\$5,735,470.00
11. Interest – (5% simple after OPRA Expiration)	\$3,683,336.00
Total Reimbursement to Developer	\$47,767,473.00
12. Authority Administrative Costs	\$7,068,179.00
13. State Brownfield Redevelopment Fund	\$2,356,152.00
14. Local Site Remediation Revolving Fund	\$8,581,074.00
TOTAL Estimated Costs	\$65,772,878.00

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 Development Incentives

The Developer of this Plan will seek additional support through an Obsolete Property Rehabilitation Act Abatement (PA 146).

Attached for your review and approval are three (3) resolutions: 1.) a resolution supporting the Plan Amendment in the event the Committee does not deem it necessary to conduct a CAC public hearing and 2.) a resolution authorizing a public hearing in the project area and 3.) a resolution authorizing a public hearing in the project area and to appoint up to two special CAC members. The public hearing may be held jointly with any public hearing conducted by the Detroit Brownfield Redevelopment Authority.

Mr. Rawls called for a motion recommending the Former Herman Kiefer Health Complex Brownfield Redevelopment Plan.

Mr. Hill motioned to recommend approval of the Former Herman Kiefer Health Complex Brownfield Redevelopment Plan without a CAC public hearing and without appointing special members. Mr. Lutz seconded the motion. DBRA-CAC Resolution Code 16-11-244-01, recommending approval of the Former Herman Kiefer Health Complex Brownfield Redevelopment Plan, was unanimously approved.

Other Matters

None

Public Comment

None

Adjournment

Citing no further business, Mr. Rawls called for a motion to adjourn. Ms. Sagovac made a motion to adjourn, Mr. Hill seconded the motion and it was unanimously approved at 6:35 pm.

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CODE DBRA CAC 17-03-02-121

APPROVAL OF MINUTES OF NOVEMBER 9, 2016

RESOLVED, that the minutes of the regular meeting of November 9, 2016 are hereby approved and all actions taken by the members present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Community Advisory Committee of the Detroit Brownfield Redevelopment Authority.

March 15, 2015

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CODE DBRA-CAC 17-03-243-01

DETROIT PISTONS CORPORATE HEADQUARTERS AND PRACTICE FACILITY 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”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; 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, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Detroit Pistons Corporate Headquarters and Practice Facility Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its March 15, 2017 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt a brownfield plan for the **Detroit Pistons Corporate Headquarters and Practice Facility Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

March 15, 2017

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CODE DBRA-CAC 17-03-244-01

FORMER HERMAN KIEFER HEALTH COMPLEX 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”) for the purpose of promoting the revitalization of environmentally distressed areas in the City; 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, pursuant to the resolution establishing the DBRA and the bylaws of the DBRA, the DBRA has submitted the proposed Brownfield Plan for the Former Herman Kiefer Health Complex Project (the “Plan”) to the Community Advisory Committee for consideration and comment; and

WHEREAS, the Community Advisory Committee, at its March 15, 2017 meeting, received, evaluated and considered the proposed Plan; and

WHEREAS, in accordance with the provisions of the resolution establishing the DBRA and the bylaws of the DBRA, the Community Advisory Committee desires to make recommendations to the DBRA and the Detroit City Council on the proposed Plan.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. After consideration of the proposed Plan, the Community Advisory Committee makes the following comment and recommendations on the proposed Plan:
 - a. The Community Advisory Committee has determined that it is appropriate for the achievement of the purposes of Act 381 of the DBRA to adopt a brownfield plan for the **Former Herman Kiefer Health Complex Brownfield Redevelopment Project**.
 - b. The Community Advisory Committee recommends support of the proposed Plan presented to it.
2. The Chairperson of the Community Advisory Committee is authorized and directed to transmit a copy of this Resolution and the minutes of the public hearing on the proposed Plan and of the meeting at which this Resolution was adopted to the DBRA and the Detroit City Council as the report of the findings and recommendations of the Community Advisory Committee on the proposed Plan.
3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are rescinded.

March 15, 2017