

KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES

MEETING DATE: Thursday, June 23, 2011

PLACE OF MEETING: Room 207A, County Administration Building

Present: Joe Agostinelli, Clare Annen, Larry Baumgart, Ruth Blake, Leroy Crabtree,
Brandt Iden, Ken Peregon, Julie Rogers, Anne Summerfield , Matthew VanDyk,
Thell Woods

Kalamazoo Township: George Cochran

Comstock Township Treasurer: Chad Meints

Excused: None

Staff: David Artley, Jeff Hawkins (consultant), Lotta Jarnefeldt

Guests: Mary Brown, Connie Ferguson, Jamie Clark/Owner CSM, James Dally/CEO
LLC

Recording Secretary: Janet Jones

1. Chairperson Agostinelli called the meeting to order at 4:03 pm.
2. Members Excused: None
3. Approval of Agenda: Blake amended the dates on Item 10 to reflect that they are July dates for Committee meetings and that it was the June committee meetings that were canceled. Agenda was approved by agreement as amended.
4. May minutes: Rogers moved and Woods seconded approval of the Minutes of the May 26, 2011, BRA meeting. Motion Carried.
5. Citizen Comments: None
6. Consent Calendar:
 - a. Clerical Support Services through Janet M. Jones of Kalamazoo – Minutes of the meeting on May 26, 2011. (2.5 hours X \$15/hr) Total amount - **\$37.50** from BRA 247-000-808.11.
 - b. Website update through K. Knapp, webmaster, 1hr total@\$40/hr. Total = **\$40** from BRA 247-000-850.00 – Knapp worked on the BRA web page and made requested modifications.

Van Dyk moved and Peregon supported adoption of the consent calendar. MOTION PASSED

7. County's BRA Financial Balance Sheets: were handed out at the meeting for review and discussion only. County grant \$\$ are being spent down. Plan Dpt BRA will be moved to BRA account as soon as it is received.
 - \$940 encumbrance is Consultant services from Jeff Hawkins.

- Estimated Comstock tax increment capture: Meints explained that the spreadsheet contains all the action in the account from 2008 to the present. The amounts in the Renaissance Zone have all been de-valued in that time. That category (Renaissance Zone) continues to be the largest single Amount.
- School tax and non-school tax revenues are all noted. Revenues are also broken out by winter and summer collection.
- BRA cannot use school tax for administrative costs because the work was contracted prior to completion of the Brownfield Plan.

8. Discussion/Action Calendar:

- a. Signing of Midlink Development and Reimbursement Agreement/ unchanged since the BRA approved it for signing in February and has now been signed by Midlink CEO David Smith.
Board members were jubilant.
(Press release will follow on Friday 6/24. Board will receive signed copies once the BRA Chair signs the document.)
 - b. CMS request for environmental assessment support for the Clausing Site (all of it) – both City of Kalamazoo and Kalamazoo Township concur; urgently requires immediate action to meet the timeline for tax credit. Knowing what we know about the site, there will undoubtedly be a need for a BRA Plan. Limited TIF Capture.
 - Number of jobs retained – 2; and an additional 2-4 new jobs will be created.
 - Clark reported that this will be the 10th project for CMS. He reviewed the other projects to which BRA had contributed.
 - While the Clausing site is not ideal, it is large enough for what CMS envisions as a mixed use development.
 - 30 day due-diligence on the environmental scan is required in the contract. With one week remaining in that time frame, the project is moving quickly.
 - Hawkins reflected that one week may not be enough time for the scan to be completed. CMS will request Clausing to extend the due-diligence time by an additional 30 days which should be sufficient.
 - Rogers commented that she supports the project and is excited to work again with CMS.
1. Annen moved and Woods seconded acceptance of the application. Motion carried 9 to 0 with 2 abstentions: Van Dyk and Agnostelli both abstained due to business conflicts.
 2. Annen moved and Rogers seconded approval of work order for ET to proceed (up to \$27,500). Motion passed 9 to 0 with 2 abstentions: Van Dyk and Agnostelli both abstained due to business conflicts.

TIMELINE:

- i. Kalamazoo City Council – Date to be determined–
 1. **Informational** - Based on BRA approval of the work, the issue will be taken to the Kalamazoo City Council to achieve informed consent for the eventual taking of 1819 Pitcher Street into the County BRA.

2. **Formal** - approval of the site in the County BRA Plan.
- ii. Kalamazoo Township Board
 1. **July 11- Informational** – approve/concur with work and eventual taking of 2019 Pitcher into the County BRA.
 2. **August 8 or 22** –approval of the site in the County BRA Plan.
 - iii. Kalamazoo County Board of Commissioners (**CBOC**) date to be determined
 1. **Potentially July 5 or July 19 informational** - Present to CBOC at a CoW for discussion
 2. **Potentially July 19, August 2 or August 16 action-** Present to public at CBOC Public Hearing and final vote by the CBOC at its regular meeting.

NOTE: Chairman Agostinelli stepped down while Vice-Chairman Crabtree assumed the chairman's chair for the following item due to Agostinelli's involvement in the project.

- c. LLC Request to have their site at 232 East Michigan join the County BRA:

Artley and Hawkins dealt with questions:

- Why isn't the City of Kalamazoo handling this? Ans: Jerome Kiscorni (Supervisor of Economic Development and the City Brownfield staff) responded to Artley's request for information that the City of Kalamazoo isn't interested in the project at this time and has no reservation about the project being part of the County Brownfield Plan.
- BRA has the approval of the City of Kalamazoo and the Downtown Associations to collect TIF.
- County Counsel has not reviewed the legality of the potential contract. Counsel will need to see the workplan to make a statement. A legal opinion is not required for BRA to make a determination of support.
- **Both Ken Naaci and Steve ? have verbally agreed to the project**
- Hawkins has reviewed the site and it qualifies as a Brownfield site and plan.
- Do these Demolition Costs qualify? Ans: Yes non-environmental demolition does qualify. School TIF discriminates between the two types of demolition and would have to review the plan.
- The DDA agreement? Since this is a County BRA, the City must concur because the site is within the City. If funds were to be taken from what is owed to the DDA, there would need to be a written agreement. DDA qualifies for 60% of captured TIF revenue and there is no intention by BRA to enter into an agreement to ask for any of the DDA portion. The other 40% of funds would normally be awardable to the local taxing jurisdiction and the County BRA is eligible to request from that amount.
- Should project start in 2013 because amount would be greater based on new assessed value? The bulk of the work will be done yet this year (2011) with incremental increase due in 2012 on the new assessment at that time.

James Dally and Joe Agostinelli presented information about the proposed project.

- Project has changed from office space to development of 4 high-end residential units on 2nd and 3rd floors with retail on the ground floor as originally planned.
- City is favorable and the Downtown associations are supportive. \$24,000 has been budgeted by the “Ds” in the 2012 budget to do the necessary ADA requirements.
- State Brownfield tax credits will end Sept. 30 and there is some pressure to have the project approvals completed by various bodies so that work can begin before that date. The original office plan would not have needed the credit but with the added expense of renovation to residential, the credit is necessary.
- Michigan Business Tax credit (to be discontinued in January, 2012) is also possible on work not yet done on the retail space construction.
- Environmental assessment and work has already occurred at LLC expense

Van Dyk and Woods supported approval of the assessment request from LLC for the renovation of the site at 232 E. Michigan and that it be added to the County’s Brownfield plan.

Discussion:

Rogers expressed a concern at how quickly the request is going forward (request is dated June 20). She also stated concern about the length of the project in years and because of these concerns may not be ready to vote.

Summerfield expressed concern that the City is not considering the project as part of its plan. Agnostelli responded that the City already has 2 projects with this developer and has an unwritten policy that they do not support more than 2 projects at a time from the same developer. Because of the expiration of the Brownfield and Business Tax credits the issue is urgent.

Woods asked for clarification about whether the project dies if not voted on at this meeting. Not necessarily but it does put the other approvals in a closer timeframe. A purported \$80K has been “set aside” for credits if approvals are forthcoming.

Van Dyk echoed Summerfield’s concern and requested clarification of the allocation of TIF. Agostinelli explained some of the intricacies of how the City calculates TIF (60/40 split).

Annen called for ceasing debate. DEFEATED by a vote of 9-1

Jarnefelt noted that there is no risk to approving the original motion now – there is no money going out from the Authority and TIF \$\$ may be gained.

Hawkins added that together with Artley he has reviewed the proposal thoroughly and there is no obstacle to supporting the proposal. The quick schedule is due to changes in the City and State policies which are beyond the BRA’s as well as the developer’s control. Nonetheless he appreciates the need of the BRA members to consider the proposal thoroughly.

Summerfield asked how long it would take for County legal Counsel to review the proposal – Ans: it would take about a week. However, a legal determination from County Counsel is not required for the BRA to consider the request.

VanDyk commented that it is surprising that there are not more projects being requested since the deadline for tax credits is so close.

Original Motion carried 8 to 2 with one abstention (Agnostelli)

TIMELINE:

1. City of Kalamazoo approval of the BRA Plan -- dates to be determined
2. Kalamazoo County Board of Commissioners
 1. **7/5 – Informational** - Present BRA Plan to the County Board in CoW for discussion.
 2. **7/19 Action** – Hold Public Hearing and actual vote of acceptance of the BRA Plan by the County

9. Staff Reports:

a. Galesburg Properties:

1. 4 buildings of old **Rogue Property**: If the issue goes to the Landbank by 31st December, the City will demolish the buildings. If the potential developer takes the land, it will go forward as a request for consideration by BRA.
2. Old Lumber Company: buyer has requested purchase of this property along with an old auto dealership site. This proposal will create 2-3 local jobs. There may be some asbestos on the site to which BRA funds could be allocated.

b. EPA Grants were NOT awarded to Kalamazoo. Only \$2.9M was awarded to Michigan in total for 9 projects with \$1M to Lansing and \$500K to Eastside, \$200K to Albion.

Hawkins and Artley will investigate other public funds which may be available and appropriate. Artley recommended that BRA consider changes to scheduling of requests as “procedures” rather than “policies” which must go to BOC for approval.

c. Other: Procedural timelines will be a talking point for next executive and finance committee meetings.

10. Committees:

a. Land Bank Report– Woods reported that the Landbank had first rights of refusal before properties come to the BRA. Landbank is going forward with the Creamery project as well as the Blakeslee project.

Blakeslee project is to tear down the old sanitarium and build 12 units of low income senior housing. This is part of the \$4M of NSP funds awarded to the City for housing residents at the 50% of AMI which also includes another project in

Northside of City of Kalamazoo,

- b. Executive Committee – There was no meeting in June.
Next meeting: Friday, July 8, 2011, 7:30 p.m. County Administration Bldg
- c. Project/Finance Committee – No meeting in June.
Next meeting: Thursday, July 7, 2011, 4:00 pm in County Administration Bldg.
- d. PR/Media Committee– *Lunch and Learn* was on Friday June 17 at the Beacon Club. Rogers, Blake, Annen, Agostinelli, and Brant attended. Potential developers asked many questions. Envirollogic Technology (Hawkins) paid for the lunch. The costs of invitations and postage were borne by BRA.
General comments indicated it was a successful event.

11. Other: Van Dyk requested that a hard 7-10 deadline be established for consideration of a request by the BRA – i.e., the request must be received by BRA members 7-10 days before the Board meeting. Artley responded that he would bring a draft for such a procedure to the next July BRA meeting for consideration.

- Rogers expressed concern that this is even an issue given that this procedure has been in place for a year.
- Summerfield was concerned that the discussion occurred by e-mail instead of in a room at an open meeting with a quorum present. The public should have the benefit of knowing the questions and answers as they are considered.

Artley responded that having the questions in advance allows time for staff research. He will obtain a legal opinion as to how e-mail can be used for discussion without violating the open meetings act.

- Van Dyk requested that the Brownfield lawyer review the Brownfield plan and the reimbursement agreements at the development stage prior to BRA making a decision.
- Iden commented that the Kalamazoo County Board of Commissioners would like a 3-5 year BRA plan. While there is no urgency, this should be discussed.

12. Board Member Comments:

- Rogers: as we begin to collect TIF and go forward, we need to anticipate an increase in proposals and go over the mission and vision to develop criteria as to what should be funded when there are many requests.
- Baumgart: reiterated the concern of timing to develop appropriate deadlines for application to BRA that are not too long or too short. He would like to have more information on the number and kind of jobs that may be created – something more exacting (definite number of jobs? Or potential # of jobs?)
- Woods: Is pleased that the 232 E. Michigan Ave. was passed. With Midlink completed could there be a projected cash flow from TIF in the future?
- Annen: When BRA returns the signed developers agreement to Midlink, we need to add a request that they forward a 3181 workplan so that BRA can request School TIF.
- Summerfield: None

- Van Dyk: None
- Iden: None
- Blake: Thank you for not making another empty building (Clausing) on the northside of Kalamazoo.
- Peregou: surprised in looking at CMS' workplan that there is no title on the document as to who is applying and for what. Artley: the first 3 pages of the form were not included but the document provided to the Board for consideration can be altered to include the letterheads and identifying information as well.
- Agnostinelli: relative to the 232 project, he would have preferred handling the request much more in advance if it had been possible. Going forward there is a huge difference between a Midlink type project or the Clausing project where reimbursement of developer costs is requested and the 232 request where the developer is funding all the costs without a request for reimbursement. Suggests that a procedure be framed to deal with the issues of short notice requests.

Rogers moved and Baumgart seconded that a procedure be developed to deal with late notice requests. MOTION carried.

13. Annen moved and Rogers seconded that the meeting adjourn. Motion Carried.
Meeting adjourned at 6:15 p.m.

Next Meeting: Thursday, July 28, 2011 at 4:00 p.m.

(EDC will follow)

PLEASE CALL 384-8304 OR EMAIL AT dpartl@kalcounty.com
IF YOU ARE UNABLE TO ATTEND THE MEETING