

**Washtenaw County**  
**Brownfield Redevelopment Authority (WCBRA)**  
200 N. Main, Lower Level Conference Room

**APPROVED MEETING MINUTES**  
**Thursday, March 7, 2019**

**Board Present:** Jeremy McCallion – Chair, James Harless, Trevor Woollatt-Vice-Chair, Matt Naud - Secretary/Treasurer, Sybil Kolon, Jason Morgan, Joe Meyers, Todd Campbell

**Board Absent:** Allison Krueger (excused)

**Staff:** Nathan Voght

**In Attendance:** Bill Kinley, Tyler Kinley – Praxis Properties, LLC, Jennifer Van Volkinburg – McKinley, Sara Jo Shipley – Ypsilanti Charter Township

**Handouts:** Packard Square Eligible Activity Table

**1. Call to Order**

Chair McCallion called the meeting to order at 9:04 a.m.

**2. Public Comment**

J. McCallion asked if there was any public comment, and there was none.

**3. Approval of Agenda**

J. Harless requested that Business Item #6 to discuss LBRF policy language for Brownfield Plans be added to the agenda, and M. Naud moved to amend the agenda (2<sup>nd</sup>. J. Harless), and the motion passed unanimously.

**4. Approval of February 7, 2019 Meeting Minutes**

Corrections to #2 and #4 were requested. S. Kolon moved to approve the February 7<sup>th</sup> meeting minutes with corrections noted (2<sup>nd</sup> T. Campbell), and the motion passed unanimously.

M. Naud moved to approve the January 10, 2019 minutes as corrected (2<sup>nd</sup> J. Harless), and the motion passed unanimously.

**5. Board Member Conflict of Interest Disclosure**

J. McCallion declared a conflict on Business item #1, 1150 Midway Phase I Assessment grant, and #4, Packard Square Eligible Activity approval.

**6. Business**

1. 1150 Midway, Environmental Assessment Grant, Phase I, Ypsilanti Charter Twp.- Action

J. McCallion handed control of the meeting over the Vice-Chair, T. Woollatt and stepped away from the meeting table. T. Woollatt asked N. Voght to present the Assessment Grant Application. He introduced Sara Jo Shipley, the Economic Development Director for Ypsilanti Charter

Township. Ms. Shipley discussed the proposed Skate Park, which was heavily grant-funded and will be a great attraction to the area. A Phase I Assessment is needed prior to develop the site.

J. Meyers moved to approve the Environmental Assessment Grant Application for 1150 Midway (2<sup>nd</sup> T. Campbell), and the motion passed unanimously, with one abstention by J. McCallion who works for AKT Peerless, the environmental consulting firm that will be conducting the Phase I.

2. 2 W. Michigan Ave. Environmental Assessment Grant, Praxis Properties, LLC – Action

Control of the meeting was handed back to the Chair, J. McCallion. Staff discussed the application to the Board, and introduced Bill and Tyler Kinley, of Praxis Properties, LLC, who is conducting due diligence on this property for potential redevelopment. The request is for a Phase I and Phase II soil borings. The total cost for the work is \$18,120, so the grant amount is 50% of that amount, or \$9,060.

J. Harless noted that soil gas sampling is not part of the scope, and given the proximity to dry-cleaning operations, it should be. He suggested the applicant go back to their consultant and look at that issue.

Staff suggested that the Board consider increasing assessment grant awards this year, to draw down these funds faster. The Board discussed this and felt a review and formal change to the policy needed to occur, first, and not make that decision for a particular application. Staff will bring back the policy for modifications next month.

M. Naud moved to approve \$9,060 in assessment grant funds for 2 W. Michigan for Phase I, II work (2<sup>nd</sup> J. Meyers), and the motion passed unanimously

3. Approval of Interest as Eligible Activity for Brownfield Projects – Action

Staff referred to the spreadsheet of Interest calculations on all the projects that included interest as an Eligible Activity. Various projects have generated interest over the years, and this action requested today is to approve the interest amounts, and add them to the amount of Eligible Activities to be reimbursed with Tax Incremental Revenues. The following are the calculated amounts:

i. Maple Shoppes	\$ 41,282
ii. Zingerman's	\$ 155,949.57
iii. 618 S. Main	\$ 268,166.20
iv. 544 Detroit	\$ 30,744.20
v. Arbor Hills	\$ 1,015,444 (total)
	1. \$ 403,750.85 (state/local)
	2. \$ 611,693.15 (local only)
vi. Michigan Inn	\$ 36,964

J. Morgan asked for further clarification on the interest calculations. He questioned how this expense can be minimized, as they seem like large amounts. N. Voght explained that interest accrues depending on the rate of capture, which is dependent on Taxable Value. As Eligible Activities are reimbursed, the interest generated is lower. There's no way to accelerate the payback of expenses on which interest is calculated. Not all projects include interest, and Ann Arbor's emerging policy is to generally not approve interest.

The Board discussed the need to add any approved interest amounts as a separate line on the Financial Report among the Eligible Activities to be reimbursed, as no additional interest should

be calculated upon interest already generated. In other words, Interest calculations shouldn't compound on themselves.

J. Harless moved to approve the noted interest amounts as presented, calculated through 12/31/18 (J. Meyers 2<sup>nd</sup>), and the motion passed unanimously.

#### 4. Packard Square Eligible Activities – Action

J. McCallion handed control of the meeting to the Vice-Chair, T Woollatt, and removed himself from the table.

N. Voght referred to his spreadsheet in the staff report indicating previous approvals and what is requested at this time. The original 2011 Brownfield Plan approval limited developer reimbursement to approximately \$3.5 million, which included about \$450,000 in Contingency, and did not include another possible \$700,000 in Interest. With the 2013 amended Brownfield Plan, an additional \$4 million in possible Eligible Activities were added, the bulk of which was the private parking deck and urban stormwater management. However, the developer-reimbursable costs from the original Plan of about \$3.5 million remained. Note that environmental activities in the amended Brownfield Plan were significantly reduced to about \$26,000, due to the \$1 million DEQ grant to support demolition, remediation and VI activities on the site, which were previously included in the TIF. This also virtually eliminated environmental Contingency, resulting in a possible Contingency of about \$362,000.

The project Receiver, McKinley, is represented at the meeting by Jennifer Van Volkinburg. Ms. Van Volkinburg has been working with staff diligently to find all costs that are eligible, and has submitted sufficient documentation to reach their cap of approximately \$3.1 million. It was the opinion of staff that the \$362,000 in Contingency cannot be tapped until costs are submitted that exceed the total budget amounts submitted in the amended Brownfield Plan, which are approximately \$5.5 million.

The Board has considerable discussion about how and when Contingency eligible costs can be applied. Some Board members indicated that since the \$5.5 million in costs verified so far is above the developer-reimbursable cap of \$3.1 million, Contingency can be used. A clearer policy here may be needed. Staff indicated that when the Board has approved Eligible Activities for previous projects, if the grand total of all the costs, regardless of cost overruns on individual tasks (i.e. Site Prep vs. Infrastructure vs. Demolition) exceeds overall budget, only then Contingency is utilized. This project will be unique in this area, because with the 2013 Brownfield Plan Amendment, a higher construction budget for Eligible Activities was established, by virtue of adding additional Activities. However, because the developer-reimbursable costs did not increase with the newly added Activities, this is unique. Staff's opinion is that Contingency may only be used if costs exceed the higher total expenses within the 2013 Brownfield Plan list of Eligible Activities.

After further discussion, the Board considered approving the full amount of Principal Eligible Activities (which does not include Contingency or Interest), and allow staff to continue to work with McKinley to submit more costs in order to use Contingency.

J. Harless moved to approve \$1,192,403.35 in additional Eligible Activities for Packard Square (2<sup>nd</sup> T. Campbell), and the motion passed unanimously with J. McCallion abstaining due to his employment with AKT Peerless that is still conducting VI work on behalf of the CMI Grant and the County on the project.

#### 5. February 2019 Financial Report – Information

N. Voght referred to the report, where the totals have been updated to reflect all the TIF deposits, developer reimbursements and Admin/LBRF transfers approved last month. There are no transactions to approve this month.

N. Voght mentioned that he was informed by the Packard Square lender that the 2019 City assessment was \$17 million, and he was going to talk to the City Assessor about it. If an appeal is filed, we may need to look at the requested assessment, as staff is concerned about distributing funds and later having to claw them back due to an adjusted assessment. This is particularly true for this project, which may only have 1 or 2 years remaining for developer reimbursement. The Board agrees that this is a concern and asked staff to bring back language next month in the Reimbursement Agreement Template that states something like this:

“If a property assessment appeal is filed, the Authority may delay or withhold Tax Increment reimbursements until any filed or active appeals are resolved”

In addition, the Board asked staff to bring back potential policy changes for increasing grant amounts for the Assessment Grant program.

Staff also asked the Board to confirm that they do not want brownfield project accounts to be interest-bearing, and they confirmed this.

#### 6. LBRF Policy – Discussion

J. Harless requested this item be added. He explained that he recommends the Board consider adding language to the LBRF section of Brownfield Plans that states LBRF capture will occur annually, but Admin fees may be collected in any one year instead of LBRF, at the discretion of the Board. The Board generally agreed with that approach.

J. Morgan and J. Meyers left the meeting at 10:32.

#### 7. Other Business

None.

8. **Public Comment:** There was no public comment.

#### 9. Adjournment:

J. Harless moved to adjourn the meeting at 10:43 a.m. (2<sup>nd</sup> M. Naud), and the motion passed unanimously.

These minutes were approved by the Washtenaw County Brownfield Redevelopment Authority at the April 4, 2019 Meeting.