

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

APPROVED MEETING MINUTES
Thursday, April 4, 2019

Board Present: Jeremy McCallion – Chair, James Harless, Trevor Woollatt – Vice-Chair, Sybil Kolon, Allison Krueger, Joe Meyers, Todd Campbell

Board Absent: Jason Morgan (excused), Matt Naud - Secretary/Treasurer (Excused)

Staff: Nathan Voght

In Attendance: Chris Olson – U of M Student

Handouts: Revised March 2019 Financial Report (showing Interest as new Row of Eligible Activities)

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

Staff noted that the applicant for 2 W. Michigan environmental assessments, Business Item #3 on the agenda, has requested to be removed until further notice. No other agenda changes were mentioned.

S. Kolon moved to amend the agenda as noted (2nd J. Harless), and the motion passed unanimously.

4. Approval of March 7, 2019 Meeting Minutes

Corrections to #5, conflict of interest, a typo in #6, 4., and a typo in #6, 5.

J. Meyers moved to approve the minutes as corrected (2nd T. Campbell), and the motion passed unanimously.

5. Board Member Conflict of Interest Disclosure

J. McCallion declared a conflict on Business item #1, Packard Square Eligible Activities approval.

6. Business

1. Packard Square Eligible Activities Approval – Action

J. McCallion handed control of the meeting over the Vice-Chair, T. Woollatt. N. Voght pulled up the final spreadsheet of eligible costs submitted by McKinley on the screen in the meeting room. One additional electrical cost was added to the underground parking, and “General Conditions” and “Construction Management” costs for the two different General Contractors were added. Historically, the Board has allowed these costs as eligible brownfield activities, even though they

are not explicitly included in older Brownfield Plans, including the Packard Square Plans from 2011 and 2013. In more recent Plans, the Board has included estimates of these costs in the proposed Eligible Activity Tables. These costs have always been calculated by taking the proportion of total brownfield costs to the total private investment, and then applying that percentage to General Conditions and Construction Oversight costs. Those amounts then are added as Eligible Activities. In this case, McKinley calculated an 11% upcharge. Given the date of the Brownfield Plan, and past Board practice, staff indicated the Board could consider allowing these costs. However, for all future plans, these costs need to be estimated and included in the Eligible Activity table.

Once the additional costs are added, the overall construction costs exceed overall budget by more than the \$362,751 in Contingency as an Eligible Activity. Therefore, McKinley is asking for an additional \$362,751 to be added to the total approved Eligible Activities. There are no more costs planned to be submitted, nor eligible, except Interest, which will be calculated annually moving forward.

J. Harless moved to approved an additional \$362,751 in Eligible Activities for the Packard Square project (2nd T. Woollatt), and the motion passed unanimously, with one abstention by J. McCallion who works for AKT Peerless, which previously worked for the developer on the project.

2. Environmental Assessment Grant Policy – Discussion/Action

Control of the meeting was handed back to the Chair, J. McCallion. Staff discussed the proposed revision to the policy, which simply states the Board may approve higher amounts than \$15,000 on a case-by-case basis.

The Board made additional revisions to the policy as it was up on the computer screen. J. Meyers moved to approve the revisions to the policy as discussed (T. Woollatt), and the motion passed unanimously.

3. Reimbursement Agreement Template – Action

Staff referred to the proposed revisions to the Template, as a result of conversations with Curt Hedger, Corporation Counsel. The current template language about assignments states that the Board need only be informed of an assignment of TIF interest, but does not approve. The reason was that closing on construction financing is extremely difficult, and the Board did not want to require approval of such assignments, if only for the purpose of securing financing. However, staff indicated Mr. Hedger's concern that since the Board is party to the original agreement, they should be party to an assignment. The Board is not inclined to change the current language.

There were other changes the Board agreed with to Section 10, related to time limits imposed by Local Units on Brownfield Plans, and new language about the impact of Tax Appeals on TIF reimbursement. Also, the definitions in Exhibit A were updated to reflect the current Act 381 version.

J. Harless moved to approve the template edits in Section 10 and Exhibit A, subject to Corporation Counsel's review and approval (T. Campbell 2nd), and the motion passed unanimously.

4. Proposed Ann Arbor Brownfield Policy – Information/Discussion

N. Voght referred to the proposed Brownfield Policy for the City of Ann Arbor. Staff has informed the Board over this last year that the policy was in development, and now a final draft has been recommended for approval to the City Council by the City Brownfield Review Committee.

The proposed policy would essentially require affordable housing, or a Fee in Lieu, if any non-environmental activities are requested. The policy generally indicates support for environmental-only activities. The policy also states support for energy efficiency in projects.

The Board expressed concern about the last sentence in the review criteria #5, which states:

"The payment in lieu amount shall be \$50,000 + 2% of the overall private investment, to be taken from available TIF revenues prior to developer reimbursement for Eligible Activities."

Since a Fee in Lieu for affordable housing is not an Eligible Activity under Act 381, this appears to be contrary to the law. The City can't ask the Brownfield Authority to do something not allowed under Act 381. Staff stated that the purpose was only to earmark the initial developer reimbursement, (that would be for eligible activities), as paying for (guaranteeing) the Fee in Lieu be paid. However, the language is not clear enough on that. The Board asked their concern be reviewed by Curt Hedger and officially communicated to the City. Staff stated this would be taken care of.

5. March 2019 Financial Report – Information

N. Voght referred to the revised Financial Report, where an Interest line item was added to the list of eligible activities to be reimbursed. It's separate, so that future Interest is not generated on already-approved interest, thereby "compounding" the interest.

7. Other Business

None.

8. Public Comment:

Chris Olson, a U of M student, was in attendance and talked to the Board about affordable housing, and what can be done about public housing. He mentioned The Yard just sold for a high price. The Board should consider affordable housing in approving incentives. Mr. Olson referred to Representative Rabhi's resolution several years ago, when he was a County Commissioner and Brownfield Board member, requiring that affordable housing be provided if grant or loan funding is given to a development.

Several board members offered comments on Mr. Olson's thoughts.

9. Adjournment:

J. Harless moved to adjourn the meeting at 10:34 a.m. (2nd A. Krueger), and the motion passed unanimously.

These minutes were approved by the Washtenaw County Brownfield Redevelopment Authority at the May 2, 2019 Meeting.