

City of Mt. Pleasant

Economic Development Corporation (EDC) Brownfield Redevelopment Authority (BRA)

MINUTES OF THE REGULAR MEETING June 29, 2016—10:30 A.M. City Hall, Conference Room A

I. Call to Order

The meeting was called to order by Chair Jeff Smith at 10:32 am.

Present: Mary Ann Kornexl, Kathleen Ling, Joe Olivieri (Vice-Chair), Mike Pung, Nancy Ridley, Jeff Smith (Chair)

Absent: Tim Coscarelly, Tom Krapohl, Margaret McAvoy,

Also attending: (Staff: William Mrdeza, Dave Rowley
(Guests: Jim Holton (Mayor's Alternate), Brandon LaBelle, Doug LaBelle II, Phil Seybert, Andy Smits

II. Approval of Agenda

It was moved by Ridley, seconded by Pung, to approve the agenda as presented. **The motion passed unanimously.**

III. Approval of the June 20, 2016 Meeting Minutes

It was moved by Ling, seconded by Kornexl, to approve the June 20, 2016 meeting minutes as drafted. **The motion passed unanimously.**

IV. Old and New Business:

A. BRA

1. Consider Recommendation on Revised Request from Phil Seybert to Assign Brownfield Plan Amendment #15 for 915 E. Broomfield to Another Party

Mrdeza reminded the Board that Phil Seybert, owner of 915 E. Broomfield, had been previously granted a Brownfield plan at that location based upon an approved site plan for a proposed mixed use development. Since that time, he has determined that the proposed project was no longer economically feasible and was interested in selling the parcel to another party. Seybert had incurred approximately \$36,400 of eligible expenses

under the approved Brownfield plan for demolition work in anticipation of constructing the original mixed use project. As part of the sale of the property, the purchaser has agreed to pay these incurred costs up front, but requested that the option of recovering these eligible reimbursable costs would be preserved for them by an assignment of the reimbursement agreement contained in the approved Brownfield plan. Since the last meeting at which this topic was introduced and discussed, both the City's and Mr. Seybert's legal counsels have agreed to assignment agreement language acceptable by both parties. Some key points of the agreement include:

- The new owner would have to construct the originally proposed project in order to qualify for reimbursement of eligible expenses under the Brownfield plan.
- If the new owner does not construct the original project as approved in the plan, they will have to come back to the Brownfield Board with a request to amend the plan based on a new, approved site plan.
- The Brownfield Board is not required to approve a proposal to amend the plan if they don't feel it is in the best interest of the City, based on the nature of the development, the amount of investment, and other pertinent factors.
- Any recommendation to amend the plan to accommodate a different development will ultimately need City Commission approval in addition to the support of the Brownfield Board.

After some additional discussion, it was moved by Ridley, seconded by Pung, to authorize the Chair to sign the Assignment of Brownfield Reimbursement Agreement for Brownfield Plan Amendment #15 (915 E. Broomfield) as proposed and to recommend the City Commission authorize the Mayor to sign the same. **The motion passed unanimously.**

2. Consider Recommendation on Campus Commons Brownfield Plan Amendment #18

Mrdeza and Kornexl presented the draft Brownfield plan for the Campus Commons development as prepared by Inland Seas Engineering. The plan encompasses a mixed use development project at 1702 and 1722 S. Mission Street. Andy Smits from Inland Seas Engineering was also present to answer questions. Mrdeza indicated that the City's legal counsel proposed some language changes to the original draft provided to the Board and recommended those changes be incorporated into the final document. Copies of these suggested changes were provided to the Brownfield Board at the meeting for their reference. The developer previously reviewed and agreed to the proposed language changes as well.

The proposed 15 year plan projects an increase from its current \$976,00 taxable value to an estimated \$1.6 million. This equates to a change in the annual tax revenue currently generated from \$60,885 to an estimated \$121,500 by the end of the plan. Approximately \$484,115 of eligible costs are identified in the plan including demolition of existing buildings, potential lead and asbestos removal, site preparation and infrastructure relocation, and costs associated with eligible environmental investigations, remediation, and abatement measures.

Kornexl indicated that there was some debate as to the taxable value of the project once it is built, with the City Assessor estimating the value as being lower than that stated in the plan. Since the TIF capture and reimbursement of eligible expenses is based on taxes actually generated, this could possibly affect the timing and amount of funds available for reimbursement, but does not obligate the City to provide reimbursement if the funds are not available. Smits responded that he felt the plan was conservative in the amount of reimbursable expenses and felt that the tax capture would be sufficient to cover those costs. Because of this uncertainty, the reimbursement agreement specifies that the City and the developer will be repaid equally for any costs associated with environmental remediation activities and utility relocation as priorities, and that once those costs have been reimbursed, other eligible reimbursable costs will be paid to the developer as funds are available. In addition, Kornexl noted that the plan currently does not have a set aside for payment into the Local Site Remediation Fund, but should funding be sufficient after all eligible reimbursable expenses have been repaid, the plan could be amended in the future to pay into this fund.

It was moved by Kornexl, seconded by Pung, to recommend that Brownfield Plan Amendment #18 be approved as presented, incorporating changes to the plan language as suggested by the City's legal counsel, and that such approval be contingent upon the approval of a revised site plan. The motion further recommended the City Commission schedule a public hearing on Brownfield Plan Amendment #18 for 1706 and 1722 S. Mission Street and further recommended the City Commission approve the plan after comments have been received at the public hearing. **The motion passed unanimously.**

3. Recommend Transfer of Unused Brownfield Economic Development Funds to Borden Debt Fund

Mrdeza deferred to Kornexl to explain the rationale behind the request to recommend transferring unused Brownfield Economic Development funds to the Borden Debt Fund. Kornexl reminded the Board that in 2009 the City Commission authorized a \$300,000 transfer from the General Fund to the BRDA for demolition costs associate with a Main & Pickard Street project. The project was not constructed and in 2009 \$250,000 of this allocated amount was transferred to the Economic Development Corporation and ultimately used for the Lodgco incentive. The remaining \$50,000 has been with the BRDA since 2010 to incent costs for blighted sites to the developers who qualify for Brownfield eligible activities. She indicated that to date there have been no requests for these funds as all developers have funded their eligible costs to be reimbursed as tax increment revenue is captured.

Kornexl explained that the West Broadway Revitalization Project Brownfield Plan #3 anticipated development on Parcel "B" that would contribute to the plan that is funding the Borden Building Debt, along with a .5 mill property tax levy. As part of the settlement agreement with J.E. Johnson, the City received a portion of the anticipated tax capture. This agreement was paid off in 2015. The actual capture from other properties in the Brownfield plan, the settlement agreement, and the property tax levy, have all been sufficient to fund the debt payments. After 2016 this will no longer be the case. Since the General Fund contribution, plus interest, remaining in the Brownfield Fund have not been needed in 16 years, Kornexl recommended the Brownfield Board request the City Commission allow the transfer of these funds to the Borden Debt Fund in 2017 to cover the shortfall that exists in funds available to pay the Borden Building debt. This action would be sufficient cover the City's financial commitments to the Borden Debt Fund through 2017.

It was moved by Ridley, seconded by Olivieri that the Brownfield Board approve the 2017 Proposed Budget which includes authorizing the transfer of \$58,000 of General Fund contributions to the Borden Building Debt fund, subject to approval of the City Commission. **The motion passed unanimously.**

B. EDC

1. Update on Parcel B (410 W. Broadway) Activity

Mrdeza provided a brief update on activities and approvals for the use of 410 W. Broadway (Parcel B). He indicated that he has been working with an interested party for the past 7-8 months on a development proposal for this property. As soon as they are ready to submit their proposal to the EDC Board, he will bring them before the Board for consideration.

Mrdeza also updated the Board on recent approvals he has authorized for the use of the Parcel B property. These included the Relay for Life event, Rotary Run, and the Off to the Races miniature radio controlled car race, all in June. Coming up in July is the Sean James Stanton Memorial Slow Roll community bike ride. All of these events have a minimal impact on the parcel and mostly include accomodating the event's logistical operations set ups.

V. Other Business

There was no Other Business discussed at the meeting.

VI. Adjourn

There being no other business, **the meeting adjourned at 11:28 a.m.**