

City of Mt. Pleasant

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

CORRECTED MINUTES OF THE REGULAR MEETING

June 13, 2018—4:00 P. M.
City Hall, Conference Room A

I. Call to Order

The meeting was called to order by Chair Jeff Smith at 4:01 p.m.

Present: Mary Ann Kornexl, Tom Krapohl, Allison Quast-Lents, Margaret McAvoy, Nancy Ridley, Jeff Smith (Chair)

Absent: Tim Coscarelly, Jennifer Verleger

Also attending: (Staff:) Paul Lauria, William Mrdeza, Michelle Sponseller
(Others:) Sarah Christensen, Lori Gillis, Eric Hanna (MCC), Jim McBryde (MMDC), Mindy Norton (Morning Sun), Chelsea Rowley (MEDC)

II. Approval of Agenda

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

III. Approval of the May 16, 2018 Meeting Minutes

It was moved by Quast-Lents, seconded by McAvoy, to approve the May 16, 2018 meeting minutes as presented. **The motion passed unanimously.**

IV. Old and New Business:

A. BRA

1. Consider Recommending the 2018 Amended and 2019 Proposed Brownfield Redevelopment Authority Operating Budget

Kornexl reviewed the 2018 and 2019 Brownfield budgets. She noted that almost \$3,000 was expected in state PPT loss reimbursement for both years. **[Correction]** Kornexl also noted that the \$40,000 *decrease* to be transferred to the Borden debt fund in 2019 was ~~coming from~~ *due to the capture on the May Street Brownfield plan expiring.* **[End Correction]** Finally, Kornexl highlighted that the Working Capital balance at the end of 2018 was projected to be \$9,940 and \$14,020 in 2019. It was moved by Quast-Lents, seconded by Krapohl, to recommend the 2018 Brownfield amended and 2019 proposed

budgets to the City Commission as presented for adoption. **The motion passed unanimously.**

In order to streamline the agenda discussion, Kornexl next presented the 2018 and 2019 EDC Budgets for the Board's consideration. She noted that the ending Working Capital balance in 2018 was projected to essentially remain unchanged. The major change in 2019, which reflected an increase in Working Capital revenue of approximately \$108,000, was because of a balloon payment due from the Ginkgo Tree Inn, scheduled for payment in 2020. Kornexl further explained that the other budgeted line items are anticipated to remain relatively flat in both 2018 and 2019. It was moved by Ridley, seconded by McAvoy, to recommend the 2018 EDC amended and 2019 proposed budgets to the City Commission as presented for adoption. **The motion passed unanimously.**

2. Discussion and Feedback on the Draft Economic Development Action Plan (If Time Permits)—Combined with the EDC Discussion on This Topic

This agenda items was deferred to the end of the meeting to be discussed if time permits.

B. EDC

1. Consider Recommending the 2018 Amended and 2019 Proposed Economic Development Authority Operating Budget

This agenda item was discussed and acted upon earlier in the meeting during the similar budget discussion related to the Brownfield Redevelopment Authority.

2. Presentation by Michigan Community Capital Regarding Their Development Proposal for 410 W. Broadway and Action on Next Steps

Mrdeza provided a brief introduction of Eric Hanna, President and CEO of Michigan Community Capital (MCC), and reminded Board members that MCC was one of two firms who submitted development proposals for the 410 W. Broadway property. After review of both proposals, the Board invited MCC to meet and present their conceptual design proposal in more detail. Hanna provided an overview of the project, including anticipated assistance from the City that might be required to make a mixed use project of this nature feasible.

Hanna provided a brief background on himself and his organization. He then explained that the proposed mixed use building would be 4-5 stories and of steel and masonry construction, which results in being about 20% more expensive, but is more durable and provides a longer term investment product. He anticipated there would be first floor commercial space and is very interested in trying to accommodate Green Tree Grocery as the tenant. The project would incorporate between 35-50 market rate residential units. Once completed, the project would be 30,000-40,000 total square feet with a total investment of approximately \$5-7 million.

Hanna shared that approximately 50% of the MCC portfolio is "Missing Middle" housing; he therefore is very familiar with the product and the market that is needed to support this

housing type. Based on his experience with similar projects he has been involved with, Hanna anticipated that the cost to construct would be near the \$180/square foot range; given the site characteristics, the building footprint would likely be “L” shaped and approximately 40 feet by 150 feet. Hanna added that the project is not intended to be marketed as student housing.

Hanna next discussed some of the project details related to financing. His preliminary analysis indicated that several financing mechanisms would possibly be necessary for project funding. The first of these is the sale of New Market Tax Credits, which could be up to 25% of the overall project financing. Hanna explained how NMTC’s worked and indicated the he has successfully used them in previous projects. Hannah also indicated that it was likely the project would require the City to consider offering a PA 210 (Commercial Rehabilitation Act) for ten years and a concurrent Neighborhood Enterprise Zone (NEZ) designation for 15 years. The PA 210 would apply to the commercial portion of the project, while the NEZ would pertain to the residential component. In exchange, MCC would propose to purchase the property from the EDC for a total price of \$360,000. This purchase price would cover the remaining outstanding indebtedness from the adjacent Borden Building project. Finally, Hanna indicated that there appeared to be adequate public parking available in close proximity to the property; therefore MCC would look to enter into a commitment from the City for the use of some of the existing parking availability in combination with the provision of on-site parking.

When asked about the project timeline, Hanna estimated that it would require approximately 60 days to complete a signed development agreement for the project and 120 days from the time the agreement was signed for conducting due diligence activities. At the end of the due diligence period, Hanna indicated closing on the property could take place, with construction starting in spring, 2019. He expected construction to take 14-16 months. As an example of a project MCC was engaged in, Hanna suggested the Board visit their current project under construction at 630 Michigan Street NE in Grand Rapids.

After further consideration, it was moved by McAvoy, seconded by Krapohl, that the EDC Board enter into a development agreement for the 410 W. Broadway property, with Michigan Community Capital, based on the conceptual design as proposed by them. **The motion passed unanimously.** Smith questioned what might happen if for some reason the project didn’t proceed as planned after the sale? He questioned whether or not the EDC would take the property back if that scenario transpired? There followed brief discussion and it was decided that this question was best addressed in the terms of the development agreement.

3. Discussion and Feedback on the Draft Economic Development Action Plan (If Time Permits)—Combined with the BRA Discussion on This Topic

Mrdeza briefly presented the most recent draft of the Economic Development Action Plan to the Board and highlighted key sections for consideration. Mrdeza reminded the Board they previously had the opportunity to review and comment on an earlier version of the document. This most recent version incorporated comments received to date from various stakeholders. He opened up the meeting for discussion and feedback on the document. Due to the allotment of time for the meeting, Board members chose to submit comments

after the meeting since there were no pressing concerns with the content of the document noted at this time. Mrdeza suggested that in order to continue to move the document toward action by the City Commission, any comments on the draft document should be submitted to him by the end of the day on Friday, June 22nd. It was the consensus of the Board that additional comments, if any, would be proved by that date.

V. Other Business

There was no Other Business discussed at the meeting.

VI. Public Comment

There was no additional public comments received or given during the meeting.

VII. Adjourn

There being no other comments or business, **the meeting adjourned at 4:57 p.m.**