

## City of Mt. Pleasant

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

#### CORRECTED MINUTES OF THE REGULAR MEETING

February 11, 2019—2:00 P. M.

City Hall, Conference Room A

#### I. Call to Order

The meeting was called to order by Chair Jeff Smith at 2:00 p.m.

**Present:** Joshua Agardy, Mary Ann Kornexl, Tom Krapohl, Margaret McAvoy, Nancy Ridley, Jeff Smith (Chair), Jennifer Verleger, Bradley Wahr

**Absent:** None

**Also attending:** (Staff:) William Mrdeza, Michelle Sponseller  
(Others:) Sarah Christensen, Green Tree Grocery; Eric Hanna, MCC; Will Joseph (Mayor); Jim McBryde, MMDC; Chelsea Rowley, MEDC

#### II. Approval of Agenda

Ridley offered a third item to be added to the EDC agenda: “Consider an Amendment to the 410 W. Broadway Purchase and Development Agreement with Michigan Community Capital to Allow for a Third Extension of the Due Diligence Period.” There was general agreement to allow the addition, after which Ridley moved to approve the agenda as amended. Krapohl seconded the motion; **the motion passed unanimously.**

#### III. Approval of the August 29, 2018 Meeting Minutes

It was moved by Ridley, seconded Kornexl, to approve the August 29, 2018 meeting minutes as presented. **The motion passed unanimously.**

#### IV. Old and New Business:

##### A. EDC

##### 1. Election of Officers

Mrdeza indicated the EDC By-Laws call for the election of officers in July of each year. He apologized for overlooking this requirement last year and recommended holding elections now and again in July of 2019 to come back into compliance with the By-Laws. He reminded the Board that Board members could not hold the same office for two consecutive terms and because of that, Mr. Smith was not eligible to be consider for the position of Board Chair.

Mrdeza indicated that the Vice Chair position was also open, since that office was previously held by Joe Olivieri who resigned from the Board in 2018. The Chair opened nominations and McAvoy nominate Wahr for Chair. There were no other nominations and **Bradley Wahr was elected as Chair by unanimous vote.** Wahr then opened nominations for Vice Chair; McAvoy nominated Smith as Vice Chair. There were no other nomination and **Jeff Smith was then elected Vice Chair, also by unanimous vote.**

## **2. Update and Discussion on the Michigan Community Capital Development Project for 410 W. Broadway**

Mrdeza briefly reviewed the basic development project as proposed by Michigan Community Capital (MCC) and indicated that the developer has been busy with investigating site suitability, options for financing, and architectural designs during the due diligence period as allowed for in the Purchase and Development Agreement. He reported that MCC has exercised their two extensions of the due diligence period, the second of which expires on March 10<sup>th</sup>. Should MCC need additional time to finish their due diligence activities, the Board would have to act to amend the agreement and set the parameters for any such extension. Mrdeza then turned the floor over to Eric Hanna to update the Board on the status of the project.

Hanna provided the following update and addressed several questions clarifying project details:

- Over 100 hours have been spent on the project focused on refining the concept, seeking sources of investment capital, meeting with the state MEDC on possible grant funding availability, site investigations, etc.
- A number of investors have been identified who are interested in the available tax credits associated with the project, amounting to approximately \$2.4 million
- Bank loans associated with the project are about \$4.5 million for seven years, after which longer term rates would be sought
- The mix of housing options is weighted to favor one bedroom units, based on the market research conducted by MCC
- The target market for the housing units is workforce as opposed to student housing
- The typical rate structure will target 80% to 100% of the median household income
- Because of some of the sources of financing, 25% of the units will be targeted toward households at 80% of the median income for the first seven years
- Including Green Tree Grocery as the commercial tenant anchor is the key to making this project work, especially because of some of sources of financing linked to grocery stores. Without Green Tree, MCC most likely would not have considered the project from the beginning
- At a minimum, the project will need cooperation from the City to support the creation of a Neighborhood Enterprise Zone and ~~OPRA designation~~ a Commercial Facilities Abatement (PA255) as part of the overall financing package; this need has not changed since the time the project was first proposed
- Three utility issues have been identified that need to be quantified and resolved, including:
  - The location of the current lift station on the SE corner of the site and its possible relocation

- The existence of a City storm water line which bisects the site from south to north and is located on the west half of the site, including its possible relocation outside of the building footprint
- The existence of power and utility lines running along Broadway in close proximity to the proposed building façade and their possible relocation
- Because the possible tax credits sought for this project as part of the financing package need to be allocated by May, 2019, a decision whether to proceed with the project needs to be made within the next 90 days

Hanna indicated that information regarding some items pursued during the due diligence period have taken longer to investigate than originally anticipated, including building design refinement, investigations regarding the above utility issues, soil bearing requirements and subsurface conditions (possible foundations), etc. Because of this, Hanna requested the Board consider approving an amendment to the current Purchase and Development Agreement which provides for one further 90 day extension of the due diligence period. As noted above, he was confident MCC could reach a determination as to the feasibility of the project moving forward in that timeframe because of the need to have the tax credit piece of the financing package allocated in May.

### **3. Consider an Amendment to the 410 W. Broadway Purchase and Development Agreement with Michigan Community Capital to Allow for a Third Extension of the Due Diligence Period**

The Board considered the above information and had further discussion on the merits of continuing the project as outlined. As a result, it was moved by Smith, seconded by Verleger, to direct the City attorney to prepare an addendum to the current Purchase and Development Agreement allowing an additional 90 day extension to the due diligence period with an accompanying earnest money deposit of \$10,000 (applicable to the final purchase price), and to authorize the Board Chair to sign the same. **The motion passed unanimously.**

## **B. BRA**

### **1. Election of Officers**

As with the EDC Board, Mrdeza indicated that the Brownfield Board By-Laws also called for elections to be held annually in July of each year. Brownfield Board Chair Smith opened nominations and Verleger nominated Wahr for Chair and Smith for Vice Chair of the Brownfield Redevelopment Authority Board. McAvoy seconded the nominations. There were no other nominations for either position and **Brad Wahr was elected Chair and Jeff Smith as Vice Chair by unanimous vote.**

## **V. Other Business**

Mrdeza reminded the Board that in regard to the leases on EDC-owned cellular towers, they previously authorized staff to “sign routine maintenance requests by the cellular provider lessees and provide notification to the Board of such action at their next meeting in order to keep the Board informed.” This action was taken in order to expedite requests of a routine or general maintenance nature in order that the Board would not have to call a meeting solely for this

purpose. In compliance with the conditions of this action, Mrdeza informed the Board he would be authorizing a request from Verizon to upgrade equipment on the cell tower in Industrial Park South. He indicated the work involved was in compliance with the parameters previously established by the Board.

## **VI. Public Comment**

Jim McBryde, President and CEO of the Middle Michigan Development Corporation spoke in support of Eric Hanna and Michigan Community Capital as the developers of a mixed use project at 410 W. Broadway as discussed earlier in the meeting.

## **VII. Adjourn**

There being no other comments or business, **the meeting adjourned at 2:48 p.m.**