

Board of Directors Regular Meeting Minutes

August 21, 2023, 3:00 p.m. | Community Room, Kalamazoo City Hall

PRESENT: Mayor David Anderson, Curt Aardema, Jeff Breneman, Carl Brown, Grant Fletcher, Stephanie Hinman, Matt Hollander, Susan Lindemann, Clarence Lloyd

ABSENT:

STAFF: Chelsie Downs-Hubbarth, Jamie McCarthy, Melissa Fuller, Paul Thuringer, Jaime Marsman

A. CALL TO ORDER

DIRECTOR LINDEMANN CALLED THE MEETING TO ORDER AT 3:01 P.M

ROLL CALL

PRESENT: Mayor David Anderson
Curt Aardema
Jeff Breneman
Carl Brown
Grant Fletcher
Stephanie Hinman
Matt Hollander
Susan Lindemann
Clarence Lloyd

ABSENT:

EXCUSED:

THE AUGUST 21, 2023, ATTENDANCE INCLUDING EXCUSED AND UNEXCUSED ABSENCES ARE RECORDED.

B. ADOPTION OF FORMAL AGENDA

DIRECTOR HOLLANDER MOVED TO ADOPT THE AUGUST 21, 2023 AGENDA. DIRECTOR BROWN SECONDED. NO OBJECTIONS. MOTION CARRIED.

C. APPROVAL OF MINUTES

DIRECTOR BRENEMAN MOVED TO APPROVE THE JULY 17, 2023 MINUTES. DIRECTOR FLETCHER SECONDED. NO OBJECTIONS. MOTION CARRIED.

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D. REPORTS AND PRESENTATIONS

1. Financial Report

Ms. Fuller presented the financial report, sharing highlights on revenues and expenses.

DIRECTOR FLETCHER MOVED TO ACCEPT THE FINANCIAL REPORT AS PRESENTED. DIRECTOR AARDEMA SECONDED. NO OBJECTIONS. MOTION CARRIED.

E. DISCUSSION/ACTION ITEMS

1. 203 N Rose, The Iron Works (formerly named Arcadia Lofts) Project RE: BRA Plan and DEGA Step-Aside

Director Lindemann noted that this project came before the Board last year, at which time the Board voted to step aside to allow PlazaCorp to go to the Brownfield Authority to allow capture. It is back before the Board as there have been some changes.

Ms. McCarthy introduced herself as the Staff Liaison to the Brownfield Redevelopment Authority (BRA). She noted that she appeared before the DEGA Board last October with PlazaCorp to request the Board to allow the Brownfield Authority to support this project with tax increment financing. Since that time, the BRA Board recommended a Brownfield Plan which was also supported by City Commission in February, 2023. The project has since come forward with some financial gaps due to cost increases and increases in interest. The developers have requested an amendment to the Brownfield Plan from the BRA. Ms. McCarthy stated that the BRA Board has been supportive of this project, noting the inclusion of affordable homes. This will bring an additional 80 units.

Ms. McCarthy introduced Trisha Kidd and Joe Agostinelli. Ms. Kidd is a representative of PlazaCorp. She gave a brief presentation of the project. Some of PlazaCorp's transformational projects that they have done include The Depot, The Hilton Garden Inn, and The Exchange.

Arcadia Lofts is an adaptive re-use and a 3-story mixed-use addition. This is a redevelopment of a brownfield. The main building was once the home of the historic Lawrence Chapin Building. The new project name is The Ironworks. This is a historic building, office to residential. When finished, it will be approximately 104,098 square feet. They have a planned tenant for the first-floor space, Bobcat Bonnie's.

Ms. Kidd shared a layout of the proposed space. These will be loft-styled units. An addition will be added to the end unit to create additional floors/units. Total units will be 82, with 32 of those as Workforce and 3 as Affordable units.

Director Breneman asked about timing and inquired whether the historical features of the original building would remain intact. Ms. Kidd stated that the Lawrence Chapin building would remain intact historically. Ms. Kidd noted that the outside public space is still under discussion, depending on the outside needs of Bobcat Bonnie's. No surface parking will be created as parking will be handled at the ramp. The only mixed-use element is the restaurant.

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Ms. Logan Mulholland from Fishbeck shared information on the fact sheet that was provided and regarding eligible reimbursement costs. Estimated outcomes were also included. Total investment is \$25 million, with 25 full-time jobs estimated to be created. Future taxable value is at \$3.1 million. The updated Brownfield Plan is 20 years, which is an additional 5 years from the last presentation.

Mr. Agostinelli provided information on the TIF Tables and explained how the NEZ affects the project and which portions of the project that it applies to. Mayor Anderson asked if each taxing jurisdiction needed to agree to this. Mr. Agostinelli stated that taxing districts are notified through public notice and that this is also brought to City Commission. Mr. Agostinelli provided information on the benefits of a NEZ and the challenges of balancing all of the variables.

They are not pursuing historic tax credits. The additions would not be eligible, and the adaptive re-use of the interior was not compatible with the tax credits.

Mr. Agostinelli stated that as construction costs and interests have risen drastically, MEDC will also be involved through tax capture and possible CRP (Community Revitalization Program) support. Their support is in the form of low-interest debt.

Director Hollander asked if there would be rent and income restrictions. Ms. McCarthy stated that the development agreement between the BRA and the developer will lay out these terms and the monitoring requirements for the term of the Brownfield Plan. The intent is that the units are rented to income-qualified individuals.

Director Aardema stated that this is an exciting opportunity for the area and the potential tenants.

Mr. Agostinelli stated that they are requesting the DEGA to step-aside to allow capture from the BRA.

Mr. Thuringer provided an informational sheet from Andrew Falkenberg that provided an estimated snapshot of what this step-aside means for the DEGA over the next 30 years. He emphasized that this is only an estimate. Ms. McCarthy noted that the sheet includes the larger projects that can be predicted, and shows the ebb and flow of capture. She noted that it is growth overall, but is deferred to allow for growth and tax capture.

There was discussion regarding the balance between affordable housing and having it work economically.

MAYOR ANDERSON MOTIONED FOR THE DEGA BOARD TO STEP ASIDE TO ALLOW PLAZACORP TO GO TO THE BROWNFIELD REDEVELOPMENT AUTHORITY TO CAPTURE FOR UP TO TWENTY YEARS. DIRECTOR FLETCHER SECONDED. NO OBJECTIONS. MOTION CARRIED.

F. PUBLIC COMMENTS

None.

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G. DIRECTOR'S COMMENTS

1. Mayor Anderson affirmed the plan of getting an older building re-used downtown. He noted that it will be interesting to see the long-term picture of how this will impact the City's economic system.
2. Director Aardema affirmed the challenges of the current housing market, and noted the importance of local and/or state support.
3. Director Lindemann stated that they are working on some tools to assist this Board in understanding these items when they come before the board with better standardization of reports.

H. ADJOURNMENT

DIRECTOR LINDEMANN ADJOURNED THE MEETING AT 3:50 P.M.