Agenda
Brownfield Redevelopment Authority
Board of Directors

City of Kalamazoo

Thursday, December 21, 2023 7:45 AM

CPED Main Conference Room - 245 N. Rose Street, Suite 100

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of minutes from the BRA meeting on November 16, 2023

D. PUBLIC COMMENTS

E. DIRECTORS' COMMENTS

F. NEW BUSINESS

1. Public Hearing on the First Amendment to the Brownfield Plan for 266 E. Michigan Avenue.

    - Open Public Hearing
    - Presentation
    - Public Comment
    - Board Questions & Comments
    - Close Public Hearing

2. Adoption of a Resolution to Implement the First Amendment to the Brownfield Plan for 266 E. Michigan Avenue and Recommend Approval by the City Commission.
(ACTION: Motion to adopt a resolution to implement the First Amendment to the Brownfield Plan for 266 E. Michigan Avenue and recommend approval by the City Commission).

3. Adoption of a Resolution Accepting the First Amendment to the Brownfield Plan Development Agreement with Zoo North, LLC and Authorizing the Chair

to Sign.
(ACTION: Motion to adopt a resolution accepting the First Amendment to the Brownfield Plan Development Agreement with Zoon North, LLC and authorize the chair to sign).

4. Adoption of a Resolution Accepting the Amended and Restated Brownfield Plan Development Agreement for Arcadia Lofts and Authorize the Chair to Sign.
(ACTION: Motion to adopt a resolution accepting the Amended and Restated Brownfield Plan Development Agreement for Arcadia Lofts and authorize the chair to sign).

5. Approval of a Letter of Intent with Davis Creek Land Development Co. to Purchase Property at Davis Creek Business Park and Authorize the Department Director to Sign.
(ACTION: Motion to approve a Letter of Intent with Davis Creek Land Development Co. to purchase property at Davis Creek Business Park and authorize the Department Director to sign).

6. Approval of a License Agreement with 116 West Cedar LLC and BURDICK@CEDAR LLC to Allow Soil Disturbance and Testing at 116 W. Cedar Street and Authorize the Chair to Sign.
(ACTION: Motion to approve a license agreement with 116 West Cedar LLC and BURDICK@CEDAR LLC to allow soil disturbance and testing at 116 W. Cedar LLC and authorize the Chair to sign.)

7. Nomination and Approval of New Officer Positions for Chair, Vice Chair, and Treasurer/Secretary Effective January 1, 2024.
(ACTION: Motion to nominate and approve new officer positions for Chair, Vice Chair, and Treasurer/Secretary effective January 1, 2024.)

G. UNFINISHED BUSINESS

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

J. ADJOURNMENT

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
Thursday, November 16, 2023
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007

MEMBERS PRESENT: Sharon Ferraro; Lucas Middleton; Kevan Hess; Kyle Gulau; Jason Novotny; Nathan Bolton; Michael Gurnee; Andrew Schipper; Torean Greeley

MEMBERS ABSENT: Rachel Bair; Qianna Decker

CITY COMMISSIONERS/CITY STAFF PRESENT: John Weiss (Attorney, Dickinson Wright); Jamie McCarthy (Sustainable Development Coordinator); PJ Thuringer (Economic Development Supervisor); Antonio Mitchell (CPED Director); Logan Mulholland (Fishbeck, Consultant); Jared Chambers (Business Specialist); Heidi Gartley (Brownfield Project Assistant); Chelsie Downs-Hubbarth (Community Investment Manager)

Meeting was called to order at 8:02 AM by Chair Hess.

MOTION TO EXCUSE ABSENT MEMBERS: Director Bolton moved to excuse absent members; seconded by Director Novotny. Motion approved by voice vote unanimously.

APPROVAL OF AGENDA: Director Gurnee moved the approval of the agenda as amended; seconded by Director Schipper. Motion approved by voice vote unanimously.

Chair Hess shared a change made to agenda Item 4, as a Letter of Support would be included with the approval of the Consent to Enter Agreement and an authorization for the chair to sign.

APPROVAL OF MINUTES: Director Novotny moved approval of minutes from the meeting of October 19, 2023 as presented; seconded by Director Middleton. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTOR'S COMMENTS

Director Schipper will abstain from Item 1 under New Business.

NEW BUSINESS

1. Approval of the Third Amendment to the Purchase and Sale Agreement with River Caddis Development LLC, extending the Closing Date to March 31, 2024 and requiring an additional depositor $10,0000 for a total deposit of $50,000 and to authorize the Chair to sign the Third Amendment to the Purchase and Sale Agreement with such other provisions not materially adverse to the BRA approved as to form by legal counsel and as to content by the Department Director serving as Attorney-in-Fact.

Ms. McCarthy reminded the board this Purchase and Sale Agreement last came before them in September of 2022, which allowed the agreement to extend through December 31, 2023.

Steve Rypma, with Honigman and representing River Caddis and Standard Companies, stated that the closing date listed on the agenda item needed to be corrected to May 31, 2024.

Jessica DeBone, PM Environmental, has been involved with the project since the onset and primarily contributes from the standpoint of the incentives. Luan Nguyn, Chief Investment Officer at River Caddis Development, is new to the company and is utilizing his former LIHTC experience.

Ms. DeBone shared that all is still planned to be developed as a single project without a phase. Within two buildings, there will be four stories and each building will have 112 units. In the live/work building, there will be four units total. There will be a community center area, providing amenities to the residents. She shared they are in the final stages with city on site plan review, and they are mostly working on small items such as dumpsters and fencing. The design team anticipates providing the updated version to the city by November 30.

Mr. Nguyn shared the unit mix and AMIs have slightly changed since the last time the project came before the board. 81% of units will be at 60% AMI and 19% will be at 120% AMI. They shifted 71 units previously earmarked as market rate to 60% AMI and the live/work units were shifted to 120% AMI. Two additional studio units were added.

Mr. Nguyn shared in terms of the capital stack of funding sources and additional funding to replace RAP funding the project did not receive, they are proceeding with MSHDA as planned, with the entirety of the project under a 4% low-income housing tax credit program. He summarized their funding sources. With these sources, he said they have a deal that pencils, but it has always been thin. They didn't receive the revitalization and placemaking program, so they are pursuing additional funding through the Kalamazoo Foundation and coming back to MSHDA for additional financing. He said asking for additional assistance allows them cushion and contingencies as they go into construction and getting bids.

Ms. DeBone added the additional funding they are looking into to fill the gap will help ensure the project is the highest quality project that they want to deliver.

Jesse Frageman, representative of Standard Companies, stated that the deal was approved by MSHDA last year. They are now in MSHDA's reapproval process, which does not have to go back to the board but is more of an internal process to agree and update MSHDA's information and staff on where the deal stands.

Mr. Rypma said MSHDA has a 120-day period from the initiation of the closing process to completing it. They will need this entire amount of time to get through the process.

Director Novotny referred to their mention of the Kalamazoo Foundation and returning to MSHDA for additional requests, and that the closing process can begin once those are in place. He pointed out there does not seem to be a lot of cushion for this project. He asked how contingent are the last two financial resources they are seeking?

Mr. Rypma said the deal pencils right now and they could move forward with it, but construction costs and interest rates make projects unpredictable right now. They are trying to build enough cushion for their investors.

Chair Hess asked if they close by May, when would they anticipate commencing construction?

Mr. Rypma said immediately.

Mr. Nguyn shared they are anticipating a construction schedule of 22-24 months.

Director Middleton asked if they had closed on an adjacent property, which they had not.

Ms. Debone said they anticipate bidding to proceed December 18, which will lead to the guaranteed maximum price contract and will contribute to the closing with MSHDA.

Chair Hess shared this is the most talk of a final product this project has brought before the board, as before much of it was contingent on whether or not they received specific financing or tax credits. If they get past May, there will be a different tone from the board due to the extensive amount of extensions granted. He understands the environment of construction has changed, and he thinks a lot of individuals want to see this project go, especially those in the nearby corridor. He is glad to hear the mix has changed in a more favorable outcome for affordable housing.

Director Middleton also said he appreciates the mix move more towards the affordable rate, as often they see it move in the opposite direction when projects are trying to close their gap. He also asked if the previous purchase agreement's terms – providing that 50% of the deposit would be forfeited – would remain the same even with the addition of the additional $10,000.

Attorney Weiss said the proposal that Honigman provided would extend the date to May 31 without any addition of deposit. He noted previous amendments, with the most recent one including an additional $10,000 deposit which brought it up to $40,000. Paragraph 6, concerning the closing, suggested if the purchaser sought another extension, it would be extended only at the BRA's sole discretion. It also states if the seller extends the closing date at the request of the purchaser, the seller may require an additional deposit of $10,000. Attorney Weiss added, concerning the right to termination, there is a provision that would allow the purchaser to terminate if they are dissatisfied for any reason and have the deposit. He also noted the original purchase price was based on an appraised value from a few years ago with an adjustment built in for the affordable unit ratio. He said there are some things that have been moving over time.

Attorney Weiss advised the board to give direction and authority to get the solid terms that he and Ms. McCarthy can discuss with Honigman and decide on, which the board will be pre-authorizing according to those terms without modifications adverse to the BRA. They can get the details of what the third amendment is and make sure that it gets signed to give the purchaser the time that they need.

Director Gulau asked if the deal with the developer was that they will write a check for $10,000 and the BRA will extend to May 2024.

Attorney Weiss agreed and added that then the BRA will need to decide what they want to do with the right-to-terminate provision, which would continue, as it remained in the third amendment.

Director Middleton mentioned that the Purchaser's right to terminate seems very broad. He asked if the Seller's right to terminate was similarly as flexible.

Attorney Weiss said no, that that would be unusual.

Ms. McCarthy shared that the motion on the agenda was for March 31, 2024 in response to the letter shared in the agenda packet, as well as internal discussions with staff. It felt like at that time in the letter from October that closing could happen in the first quarter. After talking more realistically about the timeline of 120 days and knowing that there are other milestones that must be met before that 120 day clock starts, there would be an amendment to the motion if the board chooses to extend the approval to May 31, 2024. To honor the staff recommendation, she requested they build in a check-in around February. If for any reason, any of the outstanding items did not resolve or play into the project the way they needed to, the board can become aware of that earlier on.

Mr. Rypma stated that they would be happy to revisit again in March and provide a status update.

Chair Hess asked if this would be encapsulated by the "approved as to form by legal counsel" portion of the motion.

Attorney Weiss advised that the board should generally articulate what they want and then he will be able to work with Director Antonio Mitchell and Ms. McCarthy to have some of that negotiation inside the margin, with them delegating to department director the ability to make those kind of decisions. He said the board would want to set the closing date as the big one and they should have some discussion with what they want to be the right-to-terminate.

Chair Hess said with the contingencies being to get their additional funding, it sounds like by March 31 they should be on track with MSHDA. He asked if they should include having a presentation by the developer at the March meeting.

Attorney Weiss and Chair Hess discussed how this might look, whether it is a presentation or documents.

Director Gulau said he understands these things take time and asked what the board is trying to avoid in this situation.

Attorney Weiss advised the simplest route, if the board is inclined, is to say May 31 as a hard time, and if that is not met, then the purchase agreement will expire.

Chair Hess agreed.

Director Bolton shared based on what he has heard, it sounds important to make sure staff and the board are getting updates along the way if May 31 is made the deadline.

Chair Hess stated a progress report would be appreciated in March, based on staff's initial recommendation.

Mr. Rypma said he is happy to come back in March and share an update.

Ms. McCarthy shared that staff has been receiving periodic updates. She thinks it is less about the update and more about trying to land on a date. Staff wanted to recommend something different than the last amendment, which was a 15-month period. There is so much that can change. Being able to bring this project forward to the board in shorter periods will be useful because the board will know if something was not funded or what dollars were not granted and if the group is choosing to apply for additional funding.

Attorney Weiss spoke to Mr. Rypma, stating if it pencils then they will delete the right-to-termination with the halving and just have it all be hard.

Mr. Rypma said he did not think that was a problem.

Director Bolton moved approval of the Third Amendment to the Purchase and Sale Agreement with River Caddis Development LLC, extending the Closing Date to May 31, 2024 and requiring an additional depositor $10,0000 for a total deposit of $50,000 and to authorize the Chair to sign the Third Amendment to the Purchase and Sale Agreement with such other provisions not materially adverse to the BRA approved as to form by legal counsel and as to content by the Department Director serving as Attorney-in-Fact; seconded by Director Gulau.

A roll call vote was taken, and the motion passed unanimously. Director Schipper abstained.

2. Adoption of a Resolution Approving the First Amendment to 530 S Rose Grant Agreement and Authorizing the Chair to Sign.

Ms. McCarthy shared project and agreement information, as found in the agenda packet. This amendment will reflect the updated EGLE grant amount of $350,000.

Director Gulau moved adoption of a Resolution Approving the First Amendment to 530 S Rose Grant Agreement and Authorizing the Chair to Sign; seconded by Director Middleton.

A roll call vote was taken, and the motion passed unanimously. Director Schipper abstained.

3. Approval of the BRA Board of Directors 2024 Meeting Schedule.

Director Ferraro moved approval of the BRA Board of Directors 2024 Meeting Schedule; seconded by Director Gurnee.

Motion approved by voice vote unanimously.

4. Approval of a Consent to Enter Agreement with the Michigan Department of Environment, Great Lakes, and Energy allowing EGLE and contractors access to property located at 125 E North Street, Writing a Letter of Support, and Authorizing the Chair to Sign.

Ms. McCarthy shared project information, as found in the agenda packet.

Mr. Doug Koop, EGLE Brownfield Coordinator, shared further information about the new guidance from EGLE. He said this application is more complex because there are multiple parcels involved, as well as BRA and Land Bank ownership involved.

Director Gulau asked if the board or the city is liable if EGLE were to find anything in their sample.

Ms. McCarthy shared that the BRA has a Baseline Environmental Assessment (BEA) on the property. She shared it has been residential and based on environmental reports there was a past fire at the house that was once there and likely lead-based paint worked into the soils following the fire. Characterizing the property and knowing more about it will be a benefit to the BRA as well for the purpose of future redevelopment. She also stated the BRA has a Purchase Agreement with the current buyer.

Director Gurnee stated that the city is not the applicant for the environmental assessment investigation and asked that the BRA receive a copy of any reports generated for the property.

Director Schipper asked about the new guidance on the depth of contaminants. Mr. Koop explained the new testing procedures for dispersed vapors, fill, and the actions to address varying levels.

Director Gurnee added that these new procedures limit chasing something that may not be there. Sometimes there is no vapor source to find, as it may be fill.

Director Schipper moved approval of a Consent to Enter Agreement with the Michigan Department of Environment, Great Lakes, and Energy allowing EGLE and contractors access to property located at 125 E North Street, Writing a Letter of Support, and Authorizing the Chair to Sign; seconded by Director Novotny.

A roll call vote was taken, and the motion passed unanimously. Director Bolton abstained.

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

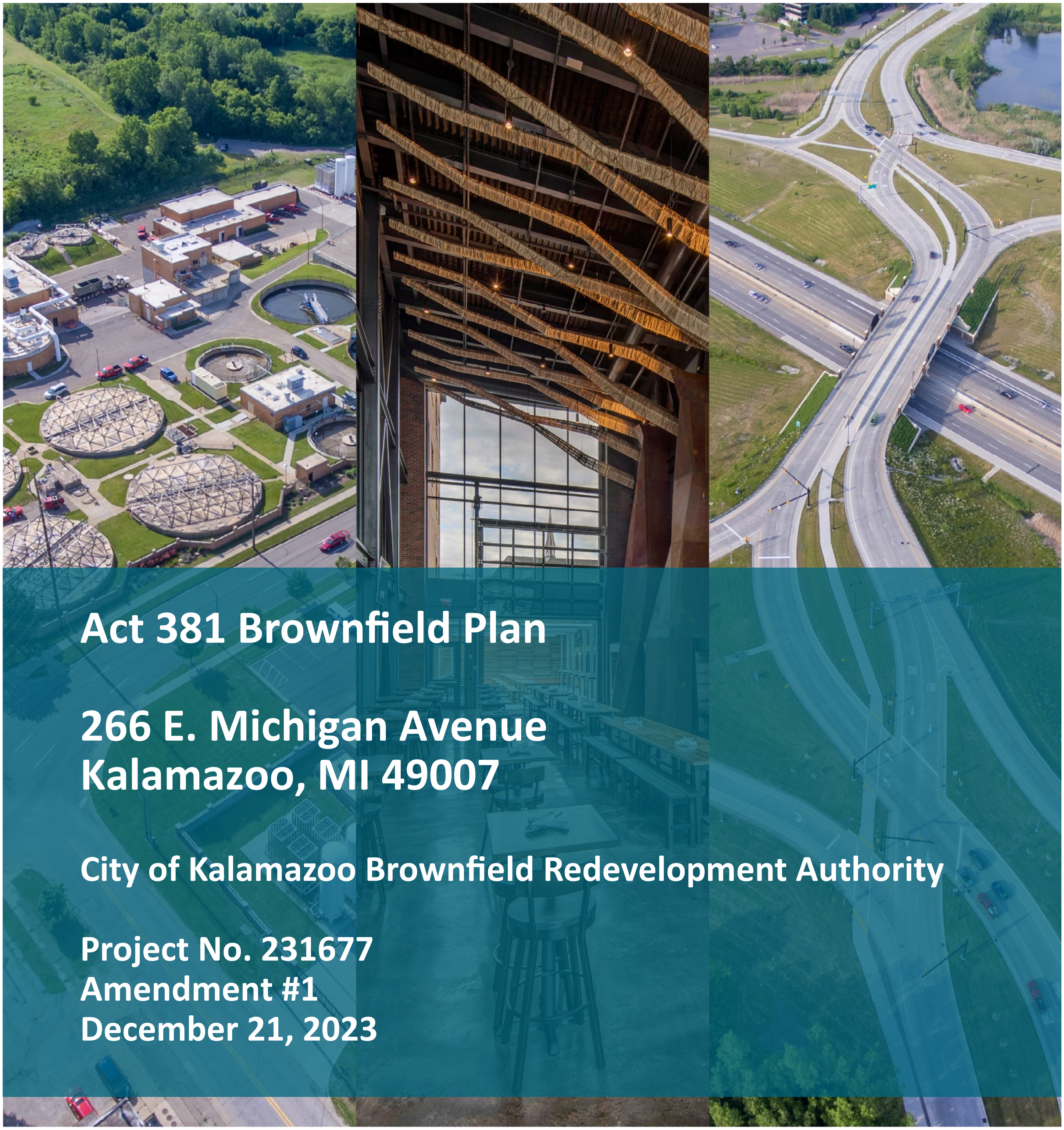
None.

STAFF REPORTS AND UPDATES

Ms. McCarthy shared staff has been working with the Executive Committee on officer nominations and those will be brought before the board in December.

ADJOURNMENT: The meeting was adjourned at 8:46 A.M. by Chair Hess.

______________________	______________________	______________________
Heidi Gartley Recording Clerk	Chair Signature	Printed Name/Title



Act 381 Brownfield Plan

266 E. Michigan Avenue
Kalamazoo, MI 49007

City of Kalamazoo Brownfield Redevelopment Authority

Project No. 231677
Amendment #1
December 21, 2023

fishbeck
Engineers | Architects | Scientists | Constructors

fishbeck
Engineers | Architects | Scientists | Constructors

2960 Interstate Parkway
Kalamazoo, Michigan 49048

269.342.1100 | fishbeck.com

Act 381 Brownfield Plan

266 E. Michigan Avenue
Kalamazoo, MI 49007

Prepared For:
City of Kalamazoo Brownfield Redevelopment Authority
Kalamazoo, Michigan

Amendment #1
November 28, 2023
Project No. 231677

Amendment #1: (Fishbeck)
Recommended for Approval by the Brownfield Redevelopment Authority on: ____________
Adopted by the Kalamazoo City Commission on: ____________

Initial Brownfield Plan Approval: (Southwest Michigan First)
Adopted by the Kalamazoo City Commission on: December 7, 2020

List of Figures

List of Tables

List of Appendices

1.0 Introduction

1.1 Proposed Redevelopment and Future Use for Each Eligible Property

The proposed project includes the redevelopment of a commercial building situated on an approximately 0.078-acre parcel located at 266 E. Michigan Avenue in the City of Kalamazoo, Michigan (the "Property"). The Property is comprised of an approximately 13,600-square-foot, four-story building, in the heart of downtown Kalamazoo. The first floor is developed as restaurant space, with three vacant and undeveloped upper floors. The developer will redevelop the upper three floors into 13 residential apartments over the first-floor commercial space.

The developer has incurred and will incur "eligible activity" expenses in connection with the Property, as defined in the Brownfield Redevelopment Financing Act of 1996 ("Act 381"), including department specific activities, lead and asbestos abatement, demolition, and infrastructure improvements.

The purpose of this plan is to provide for reimbursement of the eligible activity expenses incurred and to be incurred by the developer on the Property and improvements that will directly benefit the Property. The Property requires significant investment to return it to functional use. The proposed project includes the selective interior demolition and redevelopment of the vacant upper three floors of the Property into 13 residential apartments, in addition to minimal rehabilitation activities on the first floor in order to support the apartments located on the upper three floors (the "Project").

The total capital investment on the project will be approximately $4.6 million.

1.2 Eligible Property Information

Basis of Eligibility

The Property is located in the City of Kalamazoo (the "City"), a qualified local governmental unit pursuant to Act 381. The Property is considered an "eligible property" under Act 381 because it was deemed functionally obsolete. See Appendix 5 for the determination of functional obsolescence.

Location and Legal Description

266 E. Michigan Ave Kalamazoo, MI 49007	Parcel ID: 06-15-379-006	0.078 Acres

332, 334 ORIGINAL PLAT OF THE TOWN (NOW CITY) OF KALAMAZOO; Liber 6 of Plats Page 8; That part of the Southwesterly 48 feet of the Northeasterly 72 feet of Lot 105 lying North of Bates Alley.

2.0 Information Required by Section 13(2) of the Statute

2.1 Description of Costs to Be Paid for With Tax Increment Revenues

Tax increment revenues will be used to reimburse the developer and City of Kalamazoo Brownfield Redevelopment Authority for the cost of eligible activities as authorized by the Brownfield Redevelopment Financing Act (Act 381). Statutorily approved environmental eligible activities and, if approved by the Michigan Strategic Fund ("MSF"), non-environmental eligible activities will be reimbursed with local and school tax increment revenues (TIR). The remaining eligible activities will be reimbursed with local TIR only.

The total cost of eligible activities is anticipated to be $303,875. The estimated costs of all eligible activities under this plan are summarized in Table 1. Authority administrative costs are anticipated to be $34,137. Funding to the State Brownfield Redevelopment Fund is anticipated to be $19,447. Capture for the Local Brownfield Revolving Fund (LBRF) is anticipated to be $126,589.

2.1.1 Phase I & Phase II ESA, BEA, and Due Care Plan

The developer conducted Baseline Environmental Assessment (BEA) activities on the Property during the acquisition phase of the Project. The cost of these activities is estimated to be $20,000.

2.1.2 Lead and Asbestos Abatement

The developer will incur costs associated with initial surveys of the Property and proper abatement and disposal of lead and asbestos prior to demolition activities. The cost of these activities is estimated to be $17,500.

2.1.3 Demolition

Existing site improvements and parts of the interior of the building will be demolished to prepare the Property for redevelopment. This demolition will include the removal of certain interior improvements in the upper three floors of the building that are outdated or unsuited to the proposed residential housing. The cost of these activities is estimated to be $200,000.

2.1.4 Infrastructure Improvements

Infrastructure improvements that directly benefit eligible property will include utility improvements, road improvements, and other eligible infrastructure improvements. The cost of these activities is estimated to be $20,000.

2.1.5 Contingency

A 15% contingency on future costs is included to cover unexpected cost overruns encountered during construction on future costs. The contingency is $35,625.

2.1.6 Brownfield Plan Preparation

The cost to prepare the Brownfield Plan, Brownfield Plan Amendment, and Act 381 Work Plan is anticipated to be $10,750.

2.1.7 Authority Administration Cost

Actual eligible costs incurred by the City of Kalamazoo Brownfield Redevelopment Authority are included in this plan as an eligible expense at a flat fee of 10% of local tax capture. These expenses will be reimbursed with local tax increment revenues only and are estimated to total as much as $34,137.

2.1.8 Local Brownfield Revolving Fund

The Authority intends to capture tax increments for deposits in the Local Brownfield Revolving Fund (LBRF) for a full five years, or as allowed by the statute. This capture is estimated to be as much as $126,589.

2.2 Summary of Eligible Activities

Environmental Activities

Pre-approved environmental costs are anticipated to be reimbursed through a Brownfield Plan using both school and non-school tax increment revenues, which may include Phase I & Phase II Environmental Site Assessments (ESA), Baseline Environmental Assessments (BEA), and Due Care Plans.

Non-Environmental Activities

Because the City of Kalamazoo is a Qualified Local Governmental Unit (“QLGU”), additional non-environmental costs (“Michigan Strategic Fund [“MSF”] Eligible Activities”) can be reimbursed through a Brownfield Plan. This plan will provide for reimbursement of eligible demolition; lead, asbestos, and mold abatement; public infrastructure; and development of the Brownfield Plan and Act 381 Work Plan costs. Up to $250,000 of eligible demolition and lead, asbestos, and mold abatement activities are pre-approved for both school and non-school tax increment revenues. It is anticipated that an Act 381 Work Plan will be pursued for all other non-environmental activities, and upon approval, these costs will be reimbursed with school and non-school tax increment revenues.

Authority Expenses

Actual eligible costs incurred by the City of Kalamazoo Brownfield Redevelopment Authority are included in this plan as an eligible expense, at a flat fee of 10% of local tax capture.

Contingencies

A 15% contingency on future costs is included to cover unexpected cost overruns encountered during construction on future costs.

2.3 Estimate of Captured Taxable Value and Tax Increment Revenues

The initial taxable value will be the 2020 taxable value, $104,489. An estimate of the captured taxable value for this redevelopment by year is depicted in Table 2. This plan captures all available tax increment revenues, including real and personal property tax increment revenues.

Project activities will be initiated in 2023 with construction occurring into 2024. Tax increment revenue collection will start within five years of the adoption of this plan and is anticipated to begin as early as 2025.

After the completion of the project, the projected taxable value is estimated at $610,000. Reimbursements will be made on the actual tax increment that is realized. The estimated captured taxable value for this redevelopment by year and in aggregate for each taxing jurisdiction is depicted in tabular form (Table 2). Once eligible expenses are reimbursed, the Authority may capture up to five full years of the tax increment and deposit the revenues into an LBRF or an amount not to exceed the total cost of eligible activities. The plan also includes a flat fee of 10% of the local tax increment for administrative and operating expenses of the City of Kalamazoo Brownfield Redevelopment Authority. A summary of the estimated reimbursement schedule and the amount of capture into the LBRF by year and in aggregate is presented in Table 3.

2.4 Method of Financing and Description of Advances Made by the Municipality

The eligible activities contemplated under this plan will be financed by the developer, as outlined in this plan and the accompanying development agreement. No advances from the city are anticipated at this time.

2.5 Maximum Amount of Note or Bonded Indebtedness

No note or bonded indebtedness for this project is anticipated at this time. Therefore, this section is not applicable.

2.6 Duration of Brownfield Plan

The Authority intends to begin the capture of tax increment as early as 2025. This plan will then remain in place for 16 years, or until the eligible activities have been fully reimbursed and up to five full years of capture into the LBRF (not to exceed the amount of eligible activities), whichever occurs sooner. An analysis showing the reimbursement schedule is attached in Table 3.

2.7 Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions

An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions is illustrated in detail within Table 2.

2.8 Legal Description, Property Map, Statement of Qualifying Characteristics and Personal Property

The property consists of one parcel that is 0.078 acres in size and is located at 266 E. Michigan Ave (Parcel Identification Number 06-15-379-006). A map showing eligible property dimensions is attached in Figure 1.

The legal description for the parcel is as follows:

> Parcel ID #06-15-379-006
> 332, 334 ORIGINAL PLAT OF THE TOWN (NOW CITY) OF KALAMAZOO; Liber 6 of Plats Page 8; That part of the Southwesterly 48 feet of the Northeasterly 72 feet of Lot 105 lying North of Bates Alley.

The Property is located in the City of Kalamazoo (the "City"), a qualified local governmental unit pursuant to Act 381. The Property is considered an "eligible property" under Act 381 because it was deemed functionally obsolete. See Appendix 5 for the determination of functional obsolescence. This Brownfield Plan does intend to capture tax increment revenues associated with personal property tax, if available.

2.9 Estimates of Residents and Displacement of Individuals/Families

No persons reside at the property; therefore, this section is not applicable.

2.10 Plan for Relocation of Displaced Persons

No persons reside at the property; thus, none will be displaced. Therefore, this section is not applicable.

2.11 Provisions for Relocation Costs

No persons reside at the property; thus, none will be displaced. Therefore, this section is not applicable.

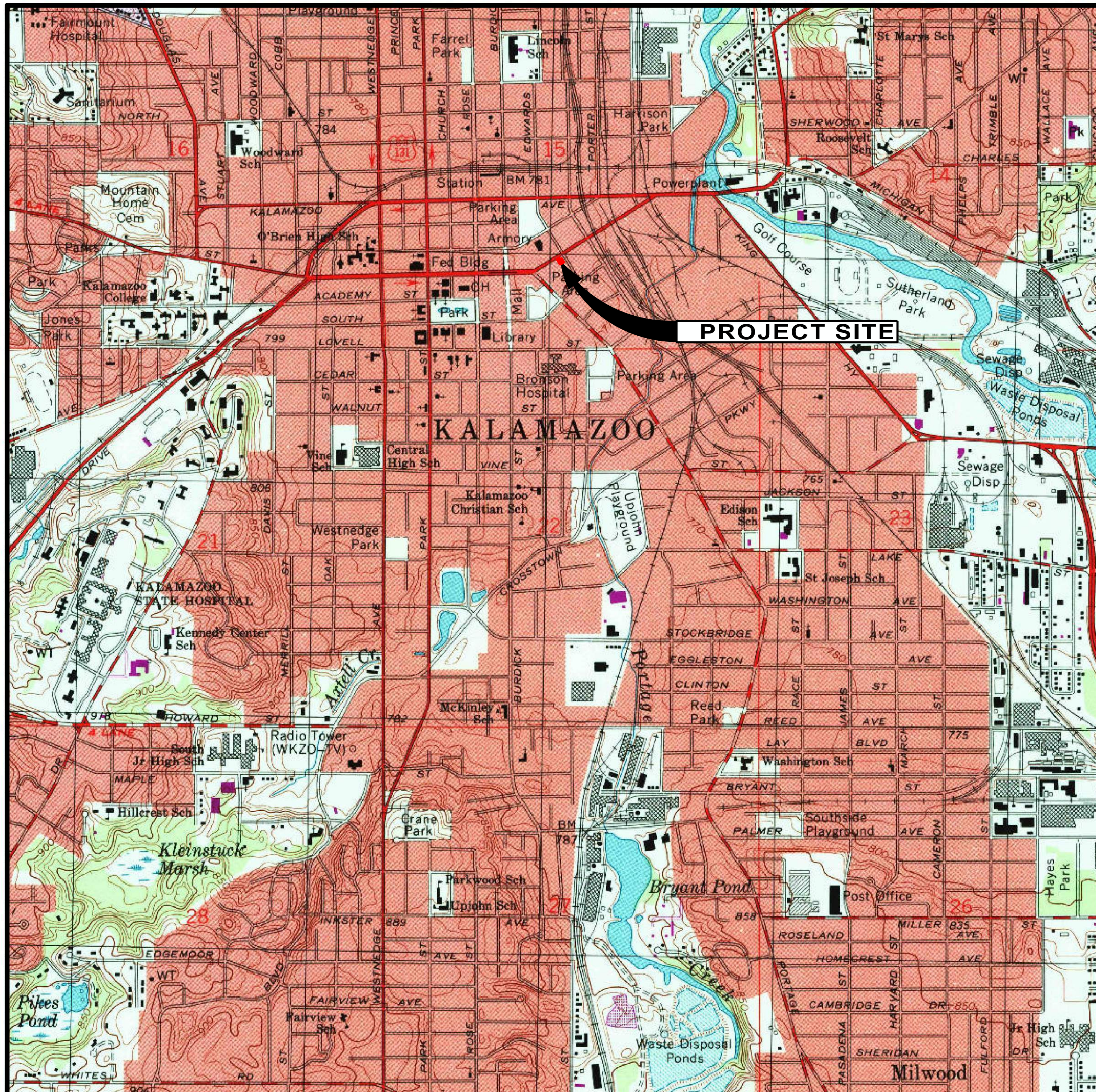
2.12 Strategy for Compliance with Michigan's Relocation Assistance Law

No persons reside at the property; thus, none will be displaced. Therefore, this section is not applicable.

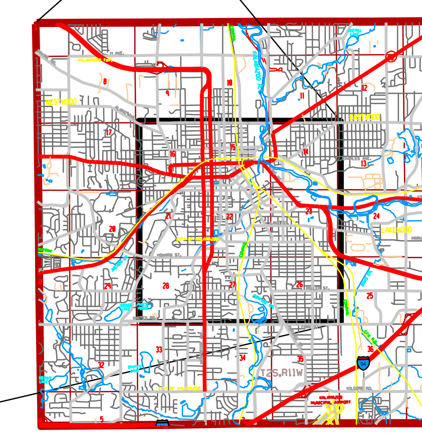
2.13 Other Material that the Authority or Governing Body Considers Pertinent

None.

Figures



SOURCE: KALAMAZOO, MICHIGAN USGS 7.5 MINUTE TOPOGRAPHIC QUADRANGLE MAPS
MAPTECH© U.S. TERRAIN SERIES™ ®MAPTECH©, INC. 606-433-8500



T 72S. R. 11 W.
KALAMAZOO COUNTY
KALAMAZOO, MICHIGAN

000000 AAAAAA File: AA.dgn Model: Location Map

N

0 500 1000 2000 4000
SCALE 1" = 2000'

fishbeck

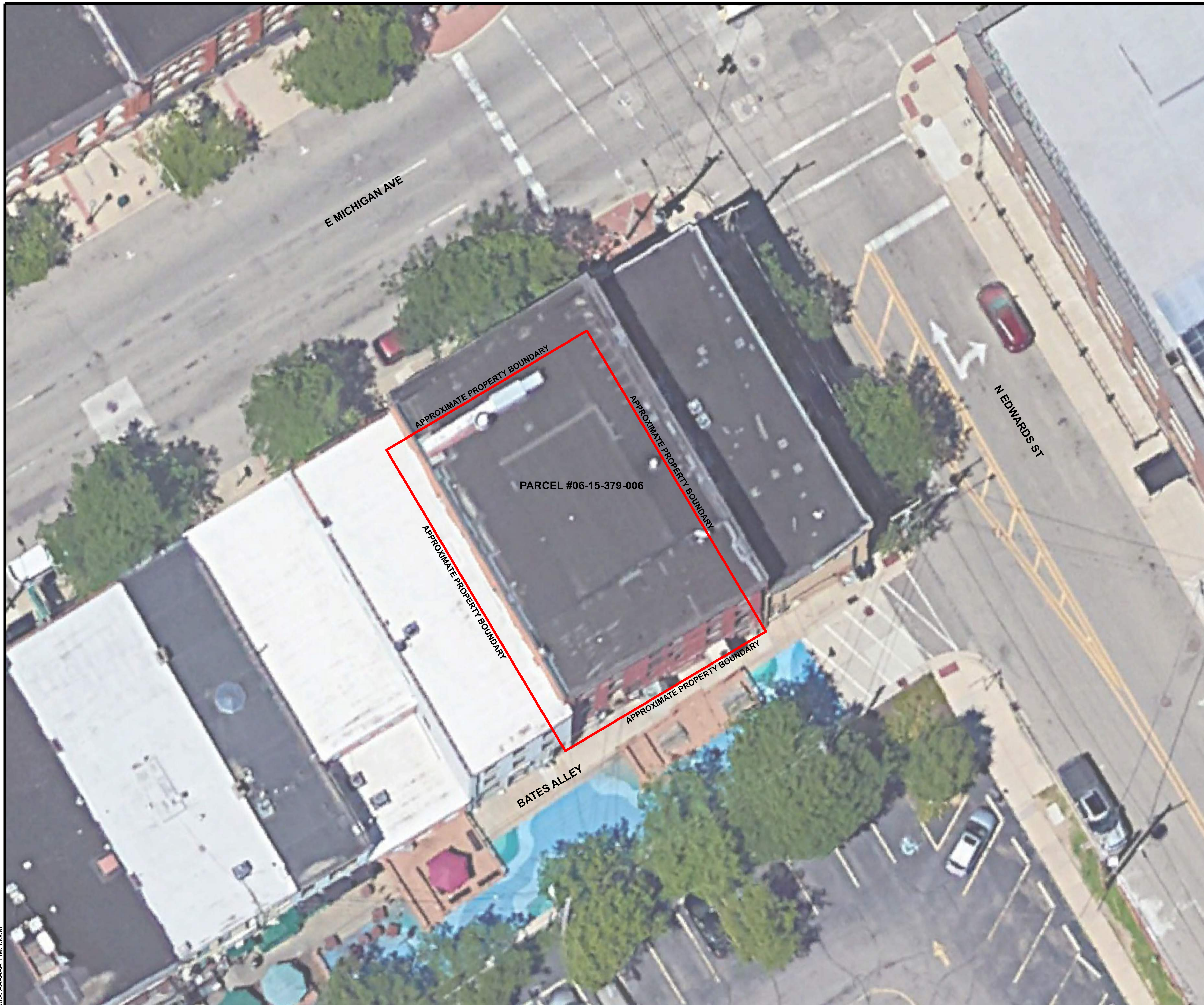
266 E MICHIGAN AVE

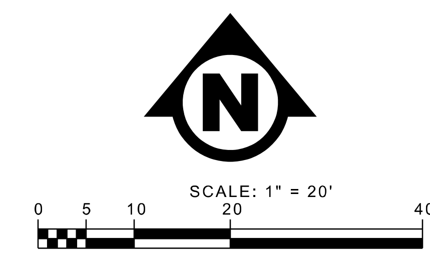
266 E MICHIGAN AVE
KALAMAZOO, MI 49007

LOCATION MAP

PROJECT NO. 231677

FIGURE No. 1





NOTE:
THIS IS NOT A PROPERTY BOUNDARY SURVEY, PROPERTY BOUNDARIES SHOWN ON THIS MAP ARE BASED ON AVAILABLE FURNISHED INFORMATION AND ARE APPROXIMATE ONLY AND SHOULD NOT BE USED TO ESTABLISH PROPERTY BOUNDARY LOCATION IN THE FIELD.

266 E MICHIGAN AVE

266 E MICHIGAN AVE
KALAMAZOO, MI 49007

SITE PLAN

fishbeck

PROJECT NO. 231677

FIGURE No. 2

000000 AAAAA File: Model:

Tables

Table 1 – Summary of Eligible Activities

EGLE Eligible Activities Costs and Schedule

EGLE Eligible Activities	Cost	Completion Season/Year
Department Specific Activities	**$20,000**	
Phase I & II Environmental Site Assessment	$7,500	
Baseline Environmental Assessment	$9,500	
Pre-Demolition Survey	$3,000	
EGLE Eligible Activities Subtotal	**$20,000**	
Contingency (0%)	$0	
Interest (0%)	$0	
EGLE Eligible Activities Total Costs	**$20,000**	

MSF Eligible Activities Costs and Schedule

MSF Eligible Activities	Cost	Completion Season/Year
Lead and Asbestos Abatement	**$17,500**	2023–2024
Abatement Including Disposal and Air Monitoring	$17,500	
Building Demolition	**$200,000**	2023–2024
Building Demolition/Deconstruction	$200,000	
Public Infrastructure	**$20,000**	2023–2024
Streets, Roads	$20,000	
Brownfield Plan/Act 381 Work Plan	**$10,750**	2020–2023
Brownfield Plan Preparation	$5,000	
Brownfield Plan Amendment	$750	
Work Plan Preparation	$5,000	
MSF Eligible Activities Subtotal	**$248,250**	
Contingency (15%)	$35,625	
Interest (0%)	$0	
MSF Eligible Activities Total Costs	**$283,875**	

Tax Increment Financing (TIF) Capture Estimate
266 E Kalamazoo Ave
Kalamazoo, MI
November 28, 2023

Estimated Taxable Value (TV) Increase Rate: 1.00%

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	TOTAL
Plan Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**TOTAL**
Calendar Year		2025	2021	2022	2023	2024	2025	2025	2025	2025	2025	2025	2025	2026	2027	2028	2029	
*Base Taxable Value		$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ 104,489	$ -
Estimated New TV		$ 610,000	$ 616,100	$ 622,261	$ 628,484	$ 634,768	$ 641,116	$ 647,527	$ 654,003	$ 660,543	$ 667,148	$ 673,819	$ 680,558	$ 687,363	$ 694,237	$ 701,179	$ 708,191	$ -
Incremental Difference (New TV - Base TV)		**$ 505,511**	**$ 511,611**	**$ 517,772**	**$ 523,995**	**$ 530,279**	**$ 536,627**	**$ 543,038**	**$ 549,514**	**$ 556,054**	**$ 562,659**	**$ 569,330**	**$ 576,069**	**$ 582,874**	**$ 589,748**	**$ 596,690**	**$ 603,702**	$ -
School Capture	Millage Rate																	
State Education Tax (SET)	6.0000	$ 3,033	$ 3,070	$ 3,107	$ 3,144	$ 3,182	$ 3,220	$ 3,258	$ 3,297	$ 3,336	$ 3,376	$ 3,416	$ 3,456	$ 3,497	$ 3,538	$ 3,580	$ 3,622	$ 53,133
School Operating Tax	17.6757	$ 8,935	$ 9,043	$ 9,152	$ 9,262	$ 9,373	$ 9,485	$ 9,599	$ 9,713	$ 9,829	$ 9,945	$ 10,063	$ 10,182	$ 10,303	$ 10,424	$ 10,547	$ 10,671	$ 156,527
School Total	**23.6757**	**$ 11,968**	**$ 12,113**	**$ 12,259**	**$ 12,406**	**$ 12,555**	**$ 12,705**	**$ 12,857**	**$ 13,010**	**$ 13,165**	**$ 13,321**	**$ 13,479**	**$ 13,639**	**$ 13,800**	**$ 13,963**	**$ 14,127**	**$ 14,293**	**$ 209,660**
Local Capture	Millage Rate																	
CITY OPERATING	12.0000	$ 6,066	$ 6,139	$ 6,213	$ 6,288	$ 6,363	$ 6,440	$ 6,516	$ 6,594	$ 6,673	$ 6,752	$ 6,832	$ 6,913	$ 6,994	$ 7,077	$ 7,160	$ 7,244	$ 106,266
CCTA	0.8935	$ 452	$ 457	$ 463	$ 468	$ 474	$ 479	$ 485	$ 491	$ 497	$ 503	$ 509	$ 515	$ 521	$ 527	$ 533	$ 539	$ 7,912
SOLID WASTE	1.8000	$ 910	$ 921	$ 932	$ 943	$ 955	$ 966	$ 977	$ 989	$ 1,001	$ 1,013	$ 1,025	$ 1,037	$ 1,049	$ 1,062	$ 1,074	$ 1,087	$ 15,940
KCTA	0.3110	$ 157	$ 159	$ 161	$ 163	$ 165	$ 167	$ 169	$ 171	$ 173	$ 175	$ 177	$ 179	$ 181	$ 183	$ 186	$ 188	$ 2,754
KVCC	2.7802	$ 1,405	$ 1,422	$ 1,440	$ 1,457	$ 1,474	$ 1,492	$ 1,510	$ 1,528	$ 1,546	$ 1,564	$ 1,583	$ 1,602	$ 1,621	$ 1,640	$ 1,659	$ 1,678	$ 24,620
DDA	1.9638	$ 993	$ 1,005	$ 1,017	$ 1,029	$ 1,041	$ 1,054	$ 1,066	$ 1,079	$ 1,092	$ 1,105	$ 1,118	$ 1,131	$ 1,145	$ 1,158	$ 1,172	$ 1,186	$ 17,390
COUNTY OPERATING - Summer	4.6318	$ 2,341	$ 2,370	$ 2,398	$ 2,427	$ 2,456	$ 2,486	$ 2,515	$ 2,545	$ 2,576	$ 2,606	$ 2,637	$ 2,668	$ 2,700	$ 2,732	$ 2,764	$ 2,796	$ 41,017
COUNTY OPERATING - Winter - Public Sa	1.4380	$ 727	$ 736	$ 745	$ 754	$ 763	$ 772	$ 781	$ 790	$ 800	$ 809	$ 819	$ 828	$ 838	$ 848	$ 858	$ 868	$ 12,734
COUNTY 911	0.6459	$ 327	$ 330	$ 334	$ 338	$ 343	$ 347	$ 351	$ 355	$ 359	$ 363	$ 368	$ 372	$ 376	$ 381	$ 385	$ 390	$ 5,720
COUNTY HOUSING	0.7453	$ 377	$ 381	$ 386	$ 391	$ 395	$ 400	$ 405	$ 410	$ 414	$ 419	$ 424	$ 429	$ 434	$ 440	$ 445	$ 450	$ 6,600
COUNTY SENIOR	0.3462	$ 175	$ 177	$ 179	$ 181	$ 184	$ 186	$ 188	$ 190	$ 193	$ 195	$ 197	$ 199	$ 202	$ 204	$ 207	$ 209	$ 3,066
COUNTY VETERAN	0.1000	$ 51	$ 51	$ 52	$ 52	$ 53	$ 54	$ 54	$ 55	$ 56	$ 56	$ 57	$ 58	$ 58	$ 59	$ 60	$ 60	$ 886
KRESA OPERATING	3.0091	$ 1,521	$ 1,539	$ 1,558	$ 1,577	$ 1,596	$ 1,615	$ 1,634	$ 1,654	$ 1,673	$ 1,693	$ 1,713	$ 1,733	$ 1,754	$ 1,775	$ 1,796	$ 1,817	$ 26,647
KRESA SPECIAL ED	1.4941	$ 755	$ 764	$ 774	$ 783	$ 792	$ 802	$ 811	$ 821	$ 831	$ 841	$ 851	$ 861	$ 871	$ 881	$ 892	$ 902	$ 13,231
KRESA ENHANCEMENT	1.5000	$ 758	$ 767	$ 777	$ 786	$ 795	$ 805	$ 815	$ 824	$ 834	$ 844	$ 854	$ 864	$ 874	$ 885	$ 895	$ 906	$ 13,283
KRESA CTE	0.9903	$ 501	$ 507	$ 513	$ 519	$ 525	$ 531	$ 538	$ 544	$ 551	$ 557	$ 564	$ 570	$ 577	$ 584	$ 591	$ 598	$ 8,770
KALAMAZOO LIBRARY	3.8999	$ 1,971	$ 1,995	$ 2,019	$ 2,044	$ 2,068	$ 2,093	$ 2,118	$ 2,143	$ 2,169	$ 2,194	$ 2,220	$ 2,247	$ 2,273	$ 2,300	$ 2,327	$ 2,354	$ 34,535
Local Total	**38.5491**	**$ 19,487**	**$ 19,722**	**$ 19,960**	**$ 20,200**	**$ 20,442**	**$ 20,686**	**$ 20,934**	**$ 21,183**	**$ 21,435**	**$ 21,690**	**$ 21,947**	**$ 22,207**	**$ 22,469**	**$ 22,734**	**$ 23,002**	**$ 23,272**	**$ 341,371**
Non-Capturable Millages	Millage Rate																	
COUNTY JUV. HOME DEBT	0.1668	$ 84	$ 85	$ 86	$ 87	$ 88	$ 90	$ 91	$ 92	$ 93	$ 94	$ 95	$ 96	$ 97	$ 98	$ 100	$ 101	$ 1,477
SCHOOL DEBT	8.2000	$ 4,145	$ 4,195	$ 4,246	$ 4,297	$ 4,348	$ 4,400	$ 4,453	$ 4,506	$ 4,560	$ 4,614	$ 4,669	$ 4,724	$ 4,780	$ 4,836	$ 4,893	$ 4,950	$ 72,615
Total Non-Capturable Taxes	**8.3668**	**$ 4,230**	**$ 4,281**	**$ 4,332**	**$ 4,384**	**$ 4,437**	**$ 4,490**	**$ 4,543**	**$ 4,598**	**$ 4,652**	**$ 4,708**	**$ 4,763**	**$ 4,820**	**$ 4,877**	**$ 4,934**	**$ 4,992**	**$ 5,051**	**$ 74,092**
Total Tax Increment Revenue (TIR) Available for Capture		**$ 31,455**	**$ 31,835**	**$ 32,218**	**$ 32,605**	**$ 32,997**	**$ 33,392**	**$ 33,790**	**$ 34,193**	**$ 34,600**	**$ 35,011**	**$ 35,426**	**$ 35,846**	**$ 36,269**	**$ 36,697**	**$ 37,129**	**$ 37,565**	**$ 551,030**

Millage Rates are Summer and Winter 2023

Tax Increment Financing (TIF) Reimbursement Estimate
266 E Kalamazoo Ave
Kalamazoo, MI
November 28, 2023

Developer Maximum Reimbursement	Proportionality	School & Local Taxes	Local-Only Taxes	Total
State	**38.0%**	$ 115,620	$ -	$ 115,620
Local	**62.0%**	$ 188,255	$ -	$ 188,255
TOTAL				
EGLE	6.6%	$ 20,000	$ -	$ 20,000
MSF	93.4%	$ 283,875	$ -	$ 283,875

Estimated Total Years of Plan:	16

Estimated Capture	
Administrative Fees	**$ 34,137**
State Brownfield Redevelopment Fund	**$ 19,447**
Local Brownfield Revolving Fund	**$ 126,589**

	Beginning Balance	1 2025	2 2026	3 2027	4 2028	5 2029	6 2030	7 2031	8 2032	9 2033	10 2034	11 2035	12 2036	13 2037	14 2038	15 2039	16 2040	TOTAL
Total State Incremental Revenue		$ 11,968	$ 12,113	$ 12,259	$ 12,406	$ 12,555	$ 12,705	$ 12,857	$ 13,010	$ 13,165	$ 13,321	$ 13,479	$ 13,639	$ -	$ -	$ -	$ -	$ 153,477
State Brownfield Redevelopment Fund (50% of SET)		$ 1,517	$ 1,535	$ 1,553	$ 1,572	$ 1,591	$ 1,610	$ 1,629	$ 1,649	$ 1,668	$ 1,688	$ 1,708	$ 1,728	$ -	$ -	$ -	$ -	$ 19,447
State TIR Available for Reimbursement		**$ 10,452**	**$ 10,578**	**$ 10,705**	**$ 10,834**	**$ 10,964**	**$ 11,095**	**$ 11,228**	**$ 11,362**	**$ 11,497**	**$ 11,633**	**$ 11,771**	**$ 11,911**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 134,029**
Total Local Incremental Revenue		$ 19,487	$ 19,722	$ 19,960	$ 20,200	$ 20,442	$ 20,686	$ 20,934	$ 21,183	$ 21,435	$ 21,690	$ 21,947	$ 22,207	$ 22,469	$ 22,734	$ 23,002	$ 23,272	$ 341,371
BRA Administrative Fee (10%)		$ 1,949	$ 1,972	$ 1,996	$ 2,020	$ 2,044	$ 2,069	$ 2,093	$ 2,118	$ 2,144	$ 2,169	$ 2,195	$ 2,221	$ 2,247	$ 2,273	$ 2,300	$ 2,327	$ 34,137
Local TIR Available for Reimbursement		**$ 17,538**	**$ 17,750**	**$ 17,964**	**$ 18,180**	**$ 18,398**	**$ 18,618**	**$ 18,840**	**$ 19,065**	**$ 19,292**	**$ 19,521**	**$ 19,752**	**$ 19,986**	**$ 20,222**	**$ 20,461**	**$ 20,702**	**$ 20,945**	**$ 307,233**
Total State & Local TIR Available		**$ 27,990**	**$ 28,328**	**$ 28,669**	**$ 29,014**	**$ 29,362**	**$ 29,713**	**$ 30,068**	**$ 30,427**	**$ 30,789**	**$ 31,154**	**$ 31,524**	**$ 31,897**	**$ 20,222**	**$ 20,461**	**$ 20,702**	**$ 20,945**	**$ 441,263**
DEVELOPER	Beginning Balance																	
Reimbursement Balance	***$ 303,875***	***$ 275,885***	***$ 247,557***	***$ 218,888***	***$ 189,875***	***$ 160,513***	***$ 130,800***	***$ 100,732***	***$ 70,306***	***$ 39,517***	***$ 8,363***	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***
MSF Non-Environmental Costs	*$ 283,875*	*$ 283,875*	*$ 255,885*	*$ 227,557*	*$ 198,888*	*$ 169,875*	*$ 140,513*	*$ 110,800*	*$ 80,732*	*$ 50,306*	*$ 19,517*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*
State Tax Reimbursement	$ 108,011	$ 10,452	$ 10,578	$ 10,705	$ 10,834	$ 10,964	$ 11,095	$ 11,228	$ 11,362	$ 11,497	$ 9,297	$ -	$ -	$ -	$ -	$ -	$ -	$ 108,011
Local Tax Reimbursement	$ 175,864	$ 17,538	$ 17,750	$ 17,964	$ 18,180	$ 18,398	$ 18,618	$ 18,840	$ 19,065	$ 19,292	$ 10,220	$ -	$ -	$ -	$ -	$ -	$ -	$ 175,864
Total MSF Reimbursement Balance		*$ 255,885*	*$ 227,557*	*$ 198,888*	*$ 169,875*	*$ 140,513*	*$ 110,800*	*$ 80,732*	*$ 50,306*	*$ 19,517*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ 283,875*
EGLE Environmental Costs	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 8,363*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*
State Tax Reimbursement	$ 7,610	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,337	$ 5,273	$ -	$ -	$ -	$ -	$ -	$ 7,610
Local Tax Reimbursement	$ 12,390	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,301	$ 3,090	$ -	$ -	$ -	$ -	$ -	$ 12,390
Total EGLE Reimbursement Balance		*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 20,000*	*$ 8,363*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	$ 20,000
Total Annual Reimbursement		*$ 27,990*	*$ 28,328*	*$ 28,669*	*$ 29,014*	*$ 29,362*	*$ 29,713*	*$ 30,068*	*$ 30,427*	*$ 30,789*	*$ 31,154*	*$ 8,363*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	$ 303,875
LOCAL BROWNFIELD REVOLVING FUND																		
LBRF Deposits *		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 23,161**	**$ 44,259**	**$ 64,481**	**$ 84,942**	**$ 105,644**	**$ 126,589**
State Tax Capture	*$ 7,610*	*$ -*				*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ 6,498*	*$ 1,111*	*$ -*	*$ -*	*$ -*	*$ -*	$ 7,610
Local Tax Capture	*$ 118,979*	*$ -*				*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ 16,663*	*$ 19,986*	*$ 20,222*	*$ 20,461*	*$ 20,702*	*$ 20,945*	$ 118,979
Total LBRF Capture		*$ -*				*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ 23,161*	*$ 21,098*	*$ 20,222*	*$ 20,461*	*$ 20,702*	*$ 20,945*	*$ 126,589*

* Up to five years of capture for LBRF Deposits after eligible activities are reimbursed. May be taken from EGLE & Local TIR only.

Returned to the Taxing Jur.:	$ 10,799

Appendix 1

RESOLUTION SUPPORTING THE ADOPTION OF A BROWNFIELD PLAN AMENDMENT
266 E. MICHIGAN AVE, CITY OF KALAMAZOO, MICHIGAN
BY THE CITY OF KALAMAZOO
PURSUANT TO AND IN ACCORDANCE WITH
THE PROVISIONS OF ACT 381 OF THE PUBLIC ACTS
OF THE STATE OF MICHIGAN OF 1996, AS AMENDED

At a regular meeting of the City of Kalamazoo Brownfield Redevelopment Authority, held at 245 N Rose Street, MI 49007 on the ______ day of ______ 2023 at _____ AM.

PRESENT:

ABSENT:

MOTION BY:

SUPPORTED BY:

WHEREAS, the City of Kalamazoo, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), has formally resolved to participate in the Brownfield Redevelopment Authority of the City of Kalamazoo (the "Authority") and have designated that all related activities shall proceed through the Authority; and

WHEREAS, the Authority, pursuant to and in accordance with Section 3(4) and Section 13 of the Act, has reviewed and recommended for adoption by the City Commission of Kalamazoo, the Brownfield Plan Amendment (the "Plan") attached hereto, to be carried out within the City of Kalamazoo, relating to the development of property located at 266 E. Michigan Ave, City of Kalamazoo, Michigan (the "Site"), as shown in Figures 1 and 2 of the Plan and more particularly described in the legal description of the property contained within the attached Plan; and

WHEREAS, the Authority has reviewed the Plan, and has been provided a reasonable opportunity to express their views and recommendations regarding the Plan and in accordance with Section 14(5) of the Act; and

NOW, THEREFORE BE IT RESOLVED THAT:

1. **Plan Support**. Pursuant to the authority vested in the Authority, by the Act, the Plan is hereby supported in the form attached to this Resolution.
2. **Severability**. Should any section, clause, or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.
3. **Repeals**. All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

AYES:

NAYES:

ABSTAINED:

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN)

)§

CITY OF KALAMAZOO)

I, the undersigned, the fully qualified and acting Clerk of the City of Kalamazoo, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City of Kalamazoo Board at a regular meeting held on the _____ day of ______ 2023, the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto set my official signature this ____ day of _______ 2023.

Scott Borling

City of Kalamazoo Clerk

KALAMAZOO, MICHIGAN

RESOLUTION ADOPTING A BROWNFIELD PLAN AMENDMENT
266 E. MICHIGAN AVE, CITY OF KALAMAZOO, MICHIGAN
BY THE CITY OF KALAMAZOO
PURSUANT TO AND IN ACCORDANCE WITH
THE PROVISIONS OF ACT 381 OF THE PUBLIC ACTS
OF THE STATE OF MICHIGAN OF 1996, AS AMENDED

At a regular meeting of the Board of Commissioners of the City of Kalamazoo, Michigan, held in City Commission Chambers, City Hall located at 241 W South Street, Kalamazoo, Michigan, on the ______ day of ________ 202__ at ____ PM.

PRESENT:

ABSENT:

MOTION BY:

SUPPORTED BY:

WHEREAS, the City of Kalamazoo, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, being Act 381 of the Public Acts of the State of Michigan of 1996, as amended (the "Act"), has formally resolved to participate in the Brownfield Redevelopment Authority of the City of Kalamazoo (the "Authority") and have designated that all related activities shall proceed through the Authority; and

WHEREAS, the Authority, pursuant to and in accordance with Section 13 of the Act, has reviewed, and recommended for adoption by the Kalamazoo City Commissioners, the Brownfield Plan Amendment (the "Plan") attached hereto, to be carried out within the City of Kalamazoo, relating to the development of property located at 266 E. Michigan Ave, Kalamazoo, Michigan (the "Site"), as shown in Figures 1 and 2 of the Plan and more particularly described in the legal description of the property contained within the attached Plan; and

WHEREAS, the Kalamazoo City Commissioners have reviewed the Plan, and have been provided a reasonable opportunity to express their views and recommendations regarding the Plan and in accordance with Section 14(5) of the Act; and

WHEREAS, the Kalamazoo City Commissioners have noticed and held a public hearing in accordance with Section 14 (1, 2, 3, 4, and 5) of the Act, and

WHEREAS, the City of Kalamazoo Brownfield Redevelopment Authority has passed a resolution supporting the adoption of the Plan;

WHEREAS, the Kalamazoo City Commissioners have made the following determinations and findings:

1. The Plan constitutes a public purpose under the Act;
2. The Plan meets all of the requirements for a Brownfield plan set forth in Section 13 of the Act;
3. The proposed method of financing the costs of the eligible activities, as described in the Plan, was feasible and the Authority has the ability to arrange the financing;
4. The costs of the eligible activities proposed in the Plan are reasonable and necessary to carry out the purposes of the Act; and
5. The amount of captured taxable value estimated to result from the adoption of the Plan is reasonable; and

WHEREAS, as a result of the review of the Plan the Kalamazoo City Commissioners concur with the adoption of the individual Plan.

NOW, THEREFORE BE IT RESOLVED THAT:

1. **Plan Support**. Pursuant to the authority vested in the Kalamazoo City Commissioners, by the Act, the Plan is hereby supported in the form attached to this Resolution.
2. **Severability**. Should any section, clause, or phrase of this Resolution be declared by the courts to be invalid, the same shall not affect the validity of this Resolution as a whole nor any part thereof other than the part so declared to be invalid.
3. **Repeals**. All resolutions or parts of resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

AYES:

NAYES:

ABSTAINED:

RESOLUTION DECLARED ADOPTED.

STATE OF MICHIGAN)

)§

CITY OF KALAMAZOO)ss:

I, the undersigned, the fully qualified and acting Clerk of the City of Kalamazoo, State of Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Kalamazoo

City Commissioners at a regular meeting held on the _____ day of ______ 202__, the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto set my official signature this ____ day of _______ 202__.

Scott Borling

City of Kalamazoo Clerk

Appendix 2

Appendix 3

NOTICE TO ALL TAXING JURISDICTIONS

The City of Kalamazoo proposes to approve a Brownfield Plan Amendment (the “Plan”) for a property in the City of Kalamazoo, Kalamazoo, Michigan.

The City of Kalamazoo has established a Brownfield Redevelopment Authority (the “Authority”) in accordance with the Brownfield Redevelopment Act, Act No. 381 of the Michigan Public Acts of 1996, as amended (the “Act”). The Act was enacted to provide a means for local units of government to facilitate the revitalization of environmentally impacted, functionally obsolete, or blighted properties. The Act permits the use of tax increment financing in order to provide the Authority with the means of financing the redevelopment project included in a Brownfield Plan.

The Authority Board has reviewed and recommended the adoption of a Brownfield Plan Amendment related to the development of one parcel of property located at 266 E. Michigan Ave, City of Kalamazoo, Michigan. The property is one commercially developed parcel that will be redeveloped as a mixed-use building with first-floor commercial and 13 residential units above. The project is estimated to be approximately a $4.6M investment.

The site meets the definition of a “functionally obsolete” as defined by 1984 PA 270, MCL 125.2090a. As such, the property is an “eligible property” under Act 381.

This Brownfield Plan Amendment provides a means for the developer to recover their costs of eligible activities which primarily includes environmental assessment, lead and asbestos abatement, demolition, and public infrastructure improvements.

The plan will be considered for adoption at the ________________, 202__ meeting of the Kalamazoo City Commissioners held at ______ pm in the City Commission Chambers, at City Hall, 241 W South Street, 49007, Michigan. If you have any questions or comments concerning the Brownfield Redevelopment Authority or the adoption of the Plan you may attend the meeting and express those concerns during the Public Hearing. You may also direct inquiries to Jamie McCarthy, mccarthyja@kalamazoocity.org, or at (269) 337-8789.

Dated: ____________, 202__

Appendix 4

NOTICE OF PUBLIC HEARING

CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY

REGARDING THE ADOPTION OF A BROWNFIELD PLAN AMENDMENT
266 E. MICHIGAN AVE, CITY OF KALAMAZOO
KALAMAZOO COUNTY, MICHIGAN

TO ALL INTERESTED PERSONS IN THE CITY OF KALAMAZOO

PLEASE TAKE NOTICE that the Kalamazoo City Commissioners will hold a Public Hearing on ________, the ___ day of _________ 202__, at approximately ______ pm, Eastern Daylight time held in the City Commission Chambers, City Hall, 241 W South Street, Kalamazoo, Michigan to receive public comment on a Brownfield Plan Amendment (the “Plan”) to include therein the property located at 266 E. Michigan Ave, City of Kalamazoo, Kalamazoo, Michigan. The following legal parcels are included in the “eligible property”:

- Parcel ID # 06-15-379-006

The project consists of one commercially developed parcel of property in the City of Kalamazoo. The project will involve the redevelopment of the existing structure into a mix-use development with commercial space on the first floor, and 13 residential units above. Primary eligible activities include environmental assessment activities, lead and asbestos abatement, demolition, and public infrastructure.

The site meets the definition of a “functionally obsolete” as defined by 1984 PA 270, MCL 125.2090a. As such, the property is an “eligible property” under Act 381.

The Brownfield Plan Amendment, which includes a site map and legal description of the parcel, is available for public inspection at the City's Community Planning & Economic Development Offices. All aspects of the plan are open for discussion at the public hearing.

FURTHER INFORMATION may be obtained from Jamie McCarthy, mccarthyja@kalamazoocity.org, or at (269) 337-8789.

THIS NOTICE is given by order of the City of Kalamazoo, Michigan.

Scott Borling
City of Kalamazoo Clerk

Appendix 5

AFFIDAVIT OF CITY OF KALAMAZOO ASSESSOR

I, Aaron P. Powers, being duly sworn, states that if called upon will testify to the following facts:

1. I am employed by the City of Kalamazoo in the Management Services Department as the City Assessor.
2. I am a certified Michigan Master Assessing Officer (4).
3. I am familiar with the property located at 266 E. Michigan Avenue, in the City of Kalamazoo
4. This affidavit is given in accordance with MCL 125.2663(1) (h) and is made to confirm this property qualifies as 'Functionally Obsolete Property' as that term is defined under MCL 125.2652(r). The following facts, without limitation, form the basis for my expert opinion:
5. The property is unable to be used to adequately perform the function for which it was intended due to a substantial loss in value resulting from factors such as overcapacity, changes in technology, deficiencies or super adequacies in design, or other similar factors that affect the property itself or the property's relationship with other surrounding property.

Aaron P. Powers, City Assessor

Subscribed and sworn to before me by Aaron Powers on August 18, 2020.

ROBIN L MOORE
Notary Public - Michigan
Wayne County
My Commission Expires May 29, 2021
Acting in the County of Kalamazoo

Robin Moore, Notary Public
Wayne County, Michigan
Commission Expires: May 29, 2021
Acting in Kalamazoo County

Prepared by:
Aaron P. Powers (R-6684)
City Assessor
241 West South Street
Kalamazoo, MI 49008
(269) 337-8011

BRA Board of Directors
Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Liaison

DATE: December 21, 2023

SUBJECT: Adoption of a Resolution to Implement the First Amendment to the Brownfield Plan for 266 E. Michigan Avenue and Recommend Approval by the City Commission.

RECOMMENDATION:

It is recommended the BRA adopt the resolution implementing the first amendment to the Brownfield Plan for 266 E. Michigan Avenue and recommend approval by the City Commission.

BACKGROUND:

See attached Memorandum from Fishbeck Consulting.

FISCAL IMPACT:

Over approximately 16 years, the BRA will capture up to $303,875 in Tax Increment Revenues (TIR) reimbursable to Developer, $34,127 in administrative fees to BRA, and $126,589 to the Local Brownfield Revolving Fund. The cost to implement the plan will be covered through administrative fees captured by the BRA.

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY

A RESOLUTION APPROVING THE IMPLEMENTATION OF THE FIRST AMENDMENT TO THE BROWNFIELD PLAN FOR 266 E MICHIGAN AVENUE AND RECOMMENDING ADOPTION BY THE CITY COMMISSION

Minutes of a regular meeting of the City of Kalamazoo Brownfield Redevelopment Authority ("BRA") held on December 21, 2023 at or after 7:45 a.m., local time at 245 N. Rose Street, Ste. 100 in Kalamazoo, Michigan.

PRESENT: ____

____

ABSENT: ____

The following resolution was offered by Member______________and seconded by Member_________________.

RECITALS:

A. The City has created the City of Kalamazoo Brownfield Redevelopment Authority (the "Authority"), under the provisions of Act 381, Public Acts of Michigan, 1996, as amended ("Act 381").

B. Under Resolution No. 08-16, the City Commission delegated the public hearing process to the Authority regarding any future proposed Act 381 Brownfield Plan, including proposed Act 381 Brownfield Plan for 266 E Michigan Avenue.

C. The original Act 381 Brownfield Plan was approved by City of Kalamazoo City Commission in December 2020. The project then requested an amendment to the Brownfield Plan in 2023 to include additional eligible activities and cost increases.

D. A public hearing was held by the Authority on December 21, 2023, on the First Amendment to the Brownfield Plan for 266 E Michigan Avenue, Kalamazoo; notice of the public hearing was given to all taxing authorities levying ad valorem or specific taxes against any parcels within the Brownfield Plan, as required by Act 381.

E. Following the public hearing on the First Amendment to the 266 E Michigan Avenue Brownfield Plan, the Authority, in consideration of any comments heard at the public hearing or written communications received at or prior to the public hearing, determines that the Brownfield Plan constitutes a public purpose in that:

a. It meets all requirements of Section 13 of Act 381.

b. The proposed method of financing the costs of eligible activities of the 266 E Michigan Avenue Brownfield Plan is feasible, and the Authority has the authority to arrange the necessary financing.

c. The description of eligible activities and their estimated costs are reasonable and necessary to carry out the purposes of Act 381, and

d. The amount of captured taxable value estimated to result from the 266 E Michigan Avenue Brownfield Plan is reasonable.

THEREFORE, IT IS RESOLVED THAT:

The City of Kalamazoo Brownfield Redevelopment Authority approves the implementation of the First Amendment to the Act 381 Brownfield Plan for 266 E Michigan Avenue in Kalamazoo and recommends the City Commission adopt a resolution approving this Brownfield Plan.

AYES: ____

____

NAYS: ____

RESOLUTION DECLARED.

<u>CERTIFICATE</u>

The foregoing is a true and complete copy of a resolution adopted by the Brownfield Redevelopment Authority at a regular meeting held on December 21, 2023. Public notice was given and the meeting was conducted in full compliance with the Michigan Open Meetings Act (PA 267, 1976). Minutes of the meeting will be available as required by the Act.

____
Heidi Gartley
Recording Secretary

fishbeck
Engineers | Architects | Scientists | Constructors

2960 Interstate Parkway
Kalamazoo, Michigan 49048

269.342.1100 | fishbeck.com

266 E. Michigan Project Fact Sheet

Project Overview: The proposed project includes the redevelopment of a commercial building situated on an approximately 0.078-acre parcel located at 266 E. Michigan Avenue in the City of Kalamazoo, Michigan (the "Property"). The Property is comprised of an approximately 13,600-square-foot, four-story building, in the heart of downtown Kalamazoo. The first floor is developed as restaurant space, with three vacant and undeveloped upper floors. The developer will redevelop the upper three floors into 13 residential apartments over the first-floor commercial space.

Parcel ID: 06-15-379-006

The purpose of this Plan is to provide for reimbursement of the eligible activity expenses incurred and to be incurred by the developer on the Property and improvements that will directly benefit the Property.

Eligible Costs

School and Local

- **Pre-Approved Activities** (i.e., Phase I Environmental Site Assessments, Phase II Environmental Site Assessments, Baseline Environmental Assessments, Asbestos, Lead, and Mold Surveys, and Pre-Demolition Survey) $20,000.
- **Lead and Asbestos Abatement**: The developer will incur costs associated with initial surveys of the Property and proper abatement and disposal of lead and asbestos prior to demolition activities. The initial cost of these activities was anticipated to total $15,500. The new anticipated total is $17,500.
- **Demolition:** Existing site improvements and parts of the interior of the building will be demolished, including the removal of certain interior improvements in the upper three floors of the building that are outdated or unsuited to the proposed residential housing. The initial cost of these activities was anticipated to total $35,000. The new anticipated total is $200,000.
- **Public Infrastructure:** Infrastructure improvements that directly benefit eligible property will include utility, road, and other eligible infrastructure improvements. The initial cost of these activities was anticipated to total $10,500. The new anticipated total is $20,000.
- **Brownfield Plan/Work Plan Preparation** The total cost of these activities is anticipated to be $10,000. The new anticipated total is $10,750.
- **15% Contingency:** The total contingency cost is anticipated at $9,000. The new anticipated total is $35,625.

Original Total: $100,000
Requested Amendment Total: $303,875

Anticipated Outcomes:

- **$104,489** Initial Taxable Value (2020)

Original Outcomes:

- **$412,500** Estimated Future Taxable Value
- **$3.7M** Total Investment
- **11** Units Upon Completion
- **11** Years of Brownfield Plan Capture (6 Years for the Developer + 5 Years for LBRF)
- **$100,000** Maximum Amount of Developer Eligible Activities
- **$11,156** Estimated Administrative Fees (10% of Local-Only Capture)

Amendment Outcomes:

- **$610,000** Estimated Future Taxable Value
- **$4.6M** Total Investment
- **13** Units Upon Completion, **4** will be leased at 80-120% of Area Median Income (AMI)
- **16** Years of Brownfield Plan Capture (11 Years for the Developer + 5 Years for LBRF)
- **$303,875** Maximum Amount of Developer Eligible Activities
- **$34,137** Estimated Administrative Fees (10% of Local-Only Capture)
- **$126,589** Estimated Local Brownfield Revolving Fund (LBRF) Capture

BRA Board of Directors
Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Liaison

DATE: December 21, 2023

SUBJECT: Adoption of a Resolution Accepting the First Amendment to the Brownfield Plan Development Agreement with Zoo North, LLC and Authorizing the Chair to Sign.

RECOMMENDATION:

It is recommended the BRA adopt the resolution approving the First Amendment to the Brownfield Plan Development Agreement with Zoo North, LLC for the redevelopment project at 708, 714, 718, and 720 North Burdick Street.

BACKGROUND:

This project located in the 700 Block of North Burdick, in the Northside neighborhood, proposes transforming four functionally obsolete and formerly blighted properties. The new project will include rehabilitated residential apartment units and commercial space. The original Brownfield Plan Development Agreement ("Agreement") was signed by the BRA on January 16, 2020. Project construction was delayed due to the COVID-19 pandemic and associated issues with supply chain, rising construction and financing costs. The project has re-entered site plan review and is slated to break ground in 2024. The amended Agreement gives the redevelopment project until December 31, 2025 to complete construction and obtain a final certificate of occupancy. The Agreement anticipates brownfield capture to begin in January 2026 following submital of a reimbursement request.

FISCAL IMPACT:

No significant fiscal impact is anticipated with this extension of the completion date.

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY

A RESOLUTION APPROVING THE FIRST AMENDMENT TO THE BROWNFIELD PLAN DEVELOPMENT AGREEMENT WITH ZOO NORTH LLC

Minutes of a regular meeting of the City of Kalamazoo Brownfield Redevelopment Authority ("BRA") held on December 21, 2023 at or after 7:45 a.m., local time at 245 N. Rose Street, Ste. 100 in Kalamazoo, Michigan.

PRESENT: ____

____

ABSENT: ____

The following resolution was offered by Member______________and seconded by Member_________________.

RECITALS:

A. The Authority and the Developer entered into a binding agreement dated January 16, 2020 (the "Agreement") concerning the procedure and requirements for the reimbursement of tax increment revenues for certain eligible expenses related to the redevelopment of qualifying eligible property located at 708, 714, 718, and 720 North Burdick Street, all as further described in the Agreement and incorporated herein by reference.

B. The Authority and the Developer have agreed to amend the Agreement to extend the date by which the Developer must complete the redevelopment project.

C. In Paragraph 9.1 of the original agreement, the redevelopment of the Property was to occur no later than December 31, 2023. The developer has requested additional time to complete the redevelopment Project due to delays related to supply chain and financing issues.

D. The new project completion date in the First Amendment to the Brownfield Plan Development Agreement includes an extension of the completion date to no later than December 31, 2025.

THEREFORE, IT IS RESOLVED THAT:

The City of Kalamazoo Brownfield Redevelopment Authority approves the First amendment to the Brownfield Plan Development Agreement with Zoo North, LLC for Property located at 708, 714, 718, and 720 North Burdick Street, in Kalamazoo, Michigan and authorizes the chair to sign.

AYES: ____

____

NAYS: ____

RESOLUTION DECLARED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the Brownfield Redevelopment Authority at a regular meeting held on December 21, 2023. Public notice was given and the meeting was conducted in full compliance with the Michigan Open Meetings Act (PA 267, 1976). Minutes of the meeting will be available as required by the Act.

____
Heidi Gartley
Recording Secretary

FIRST AMENDMENT TO BROWNFIELD PLAN DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO BROWNFIELD PLAN DEVELOPMENT AGREEMENT (the "First Amendment") is entered into by and between the **City of Kalamazoo Brownfield Redevelopment Authority,** a Michigan public body corporate established pursuant to Act 381 of the Public Acts of 1996, as amended, MCL 125.2651 *et seq*., whose address is 245 N. Rose Street, Suite 100, Kalamazoo, MI 49007 (the "Authority"), and **Zoo North, LLC**, a Michigan limited liability company whose address is PO Box 20264, Kalamazoo, Michigan 49019 ("Developer") (collectively, the "Parties").

RECITALS

A. The Authority and the Developer entered into a binding agreement dated January 16, 2020 (the "Agreement") concerning the procedure and requirements for the reimbursement of tax increment revenues for certain eligible expenses related to the redevelopment of qualifying eligible property located at 708, 714, 718, and 720 North Burdick Street, all as further described in the Agreement and incorporated herein by reference.

B. The Authority and the Developer have agreed to amend the Agreement to extend the date by which the Developer must complete the redevelopment project.

NOW, THEREFORE, in consideration of the terms and conditions contained in the Agreement and this First Amendment and the benefits to be derived therefrom, receipt of which is severally acknowledged, the Authority and the Developer hereby agree as follows:

Section 1. Extension of Project Completion Date and Amendment to Paragraph 9.1 of Agreement. Paragraph 9.1 of the Brownfield Plan Development Agreement is amended to require completion of the redevelopment of the Property no later than December 31, 2025.

Section 2. Definitions. All capitalized terms used in this First Amendment and not defined shall have such definitions as defined in the Agreement.

Section 3. Ratification. The Agreement is in all other respects hereby ratified and confirmed.

[Signatures on Following Page]

[First Amendment to Brownfield Plan Development Agreement – Zoo North]

The signatories below warrant that they are empowered to enter into this First Amendment.

Dated: ____________

CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY

By:______________________________
Kevan Hess

Its: Chair

Dated: ____________

ZOO NORTH, LLC

By: ____________________
Kyle Gulau

Its: Owner

BRA Board of Directors
Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Liaison

DATE: December 21, 2023

SUBJECT: Adoption of a Resolution Accepting the Amended and Restate Brownfield Plan Development Agreement for Arcadia Lofts and Authorize the Chair to Sign.

RECOMMENDATION:

It is recommended the BRA adopt a resolution accepting the Restated and Amended Brownfield Development Agreement for Arcadia Lofts, located at 203 N. Rose Street.

BACKGROUND:

The BRA signed the original Brownfield Development Agreement on May 18, 2023. Since this time, the BRA and City Commission approved an updated Brownfield Plan that reflects higher capture amounts due to cost increases for eligible activities. This Restated and Amended Brownfield Development Agreement ("Agreement") is before the BRA board in order to align reimbursement commitments with the Amended Brownfield Plan. The estimated outcomes from the Brownfield Plan and Agreement include:

Redevelopment Outcomes:
- 82 Units Upon Completion
- 32 Units will be leased at 80-120% of AMI
- 3 Units will be leased at 60% of AMI
- 15,000 Square-Foot Courtyard

Private Investment and Public Benefit:
- $25M Total Investment
- 25 FTE Jobs Created
- $1.04M Approximate Yearly Wages of onsite commercial workforce (25 FTEs @ $20/hr)
- $235,400 Estimated Yearly Income Retained in the Local Economy
- $875,000 Initial Taxable Value
- $3,150,000 Future Taxable Value

Brownfield Plan Summary:

- 20 Years of Brownfield Plan Capture
- $111,976 Authority Administration Fees (10% Local-Only Estimation)
- $944,911 Maximum Amount of Developer Eligible Activities
- $564,373 Amount to be Deposited in Local Brownfield Revolving Fund

FISCAL IMPACT:

This Agreement will implement portions of the Amended Brownfield Plan over 20 years. It is estimated to provide up to $944,911 in reimbursement to developer, $111,976 in administrative fees to the BRA, and $564,373 in capture to the Local Brownfield Revolving Fund.

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY

A RESOLUTION APPROVING THE FIRST AMENDMENT TO THE BROWNFIELD PLAN DEVELOPMENT AGREEMENT WITH 19 PROPS, LLC

Minutes of a regular meeting of the City of Kalamazoo Brownfield Redevelopment Authority ("BRA") held on December , 2023 at or after 7:45 a.m., local time at 245 N. Rose Street, Ste. 100 in Kalamazoo, Michigan.

PRESENT: ____

____

ABSENT: ____

The following resolution was offered by Member______________and seconded by Member______________.

RECITALS:

A. The Authority, and the City of Kalamazoo (the "City"), have determined that brownfield redevelopment constitutes the performance of an essential public purpose which protects and promotes the public health, safety and welfare.

B. The City has established a Brownfield Redevelopment Authority and the Authority, and the City have adopted a Brownfield Plan specifically for this site (the "Plan"), pursuant to the provisions of Act 381.

C. The Authority and the City have designated certain properties that have conditions of environmental contamination, blight or obsolescence as appropriate sites for creating a Plan.

D. Act 381 permits the use of the real and personal property tax revenues generated from the increase in value (the "Increment") to brownfield sites constituting Eligible Property under Act 381 resulting from their redevelopment to pay or reimburse the payment of costs of conducting Eligible Activities (these costs are referred to as "Eligible Costs") and permits the reimbursement to Developer of Eligible Costs it has incurred.

E. Developer currently owns property in the City commonly known as 203 N. Rose Street, Kalamazoo, Michigan 49007, Parcel ID 06-15-324-010 (the "Property") and legally described on the attached Exhibit A of the Development Agreement.

F. The Property has been included an Amended Brownfield Plan and qualified as an "Eligible Property" under the terms of Act 381.

G. Developer intends to construct 82 residential apartment units and rehabilitate commercial space on the first floor. Fort percent of the residential units will be leased at rates affordable to individuals making 80-120% of the area median income (workforce housing), based on MSHDA standards for Kalamazoo County in 2022; 3 units will be leased at rates affordable to individuals making 60% of the area median income (affordable housing), based on MSHDA standards for Kalamazoo County in 2022.

H. The total capital investment on the project is expected to be approximately $25 million. These investments are expected to create at least 25 new full-time equivalent positions paying an average wage of $20 per hour.

I. The Project will require the Developer to incur Eligible Costs associated with certain Eligible Activities including site assessment and baseline environmental assessment activities, lead and asbestos abatement, building demolition, public infrastructure, site demolition, site preparation, Brownfield Plan/Work Plan Preparation, and contingency and which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals.

J. The parties are entering into this Agreement to establish the procedure for the reimbursement from Tax Increment Revenues under Act 381 as amended.

THEREFORE, IT IS RESOLVED THAT:

The City of Kalamazoo Brownfield Redevelopment Authority approves the Brownfield Plan Redevelopment Agreement for 203 N. Rose Street in Kalamazoo and authorizes the Chair to sign.

AYES: ____

____

NAYS: ____

RESOLUTION DECLARED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the Brownfield Redevelopment Authority at a regular meeting held on December 21, 2023. Public notice was given and the meeting was conducted in full compliance with the Michigan Open Meetings Act (PA 267, 1976). Minutes of the meeting will be available as required by the Act.

____
Heidi Gartley
Recording Secretary

AMENDED AND RESTATED BROWNFIELD PLAN DEVELOPMENT AGREEMENT

THIS AMENDED AND RESTATED BROWNFIELD PLAN DEVELOPMENT AGREEMENT (the "Agreement"), is entered into on _____________, 2023, between the **CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY,** a Michigan public body corporate established pursuant to Act 381 of the Public Acts of 1996, as amended, MCL 125.2651 et seq. ("Act 381"), whose address is 241 W. South St., Room 101, Kalamazoo, Michigan 49007 (the "Authority"), and 19 Props, LLC, a Delaware limited liability company, whose address is 200 W. Michigan Avenue, Suite 201, Kalamazoo, Michigan 49007, (the "Developer"). This Agreement amends and restate the Brownfield Plan Development Agreement dated May 19, 2023, between the Authority and Developer.

RECITALS

A. The Authority, and the City of Kalamazoo (the "City"), have determined that brownfield redevelopment constitutes the performance of an essential public purpose which protects and promotes the public health, safety and welfare.

B. The City has established a Brownfield Redevelopment Authority and the Authority, and the City have adopted a Brownfield Plan specifically for this site (the "Plan"), pursuant to the provisions of Act 381.

C. The Authority and the City have designated certain properties that have conditions of environmental contamination, blight or obsolescence as appropriate sites for creating a Plan.

D. Act 381 permits the use of the real and personal property tax revenues generated from the increase in value (the "Increment") to brownfield sites constituting Eligible Property under Act 381 resulting from their redevelopment to pay or reimburse the payment of costs of conducting Eligible Activities (these costs are referred to as "Eligible Costs") and permits the reimbursement to Developer of Eligible Costs it has incurred.

E. Developer currently owns property in the City commonly known as 203 N. Rose Street, Kalamazoo, Michigan 49007, Parcel ID 06-15-324-010 (the "Property") and legally described on the attached Exhibit A.

F. The Property has been included in the Plan and qualified as an "Eligible Property" under the terms of Act 381.

G. Developer intends to construct 82 residential apartment units. Existing commercial office space on the second and third floors will be converted to residential, three new stories of residential will be added to the back portion of the building, and commercial restaurant space will be located on the first floor, as well as new outdoor amenity space. Over 40% of the residential units will be leased at rates affordable to individuals making 80-120% of the area median income (workforce housing), based on MSHDA standards for Kalamazoo County in then in effect; 3 units will be leased at rates affordable to individuals making 60% of the area median income (affordable housing), based on MSHDA standards for Kalamazoo County then in effect (together, the "Affordability Commitment"). The Affordability Commitment shall be equal to the actual TIF reimbursement period. The total capital investment on the project is expected to be approximately $25 million. These investments are expected to create at least 25 new full-time equivalent positions paying an average wage of $20 per hour. Commencement of construction of the project is intended to begin within six months of the Effective Date of this Agreement and completed within 24 months thereafter (Together, this description constitutes the "Project").

H. The Project will require the Developer to incur Eligible Costs associated with certain Eligible Activities including site assessment and baseline environmental assessment activities, lead and asbestos abatement, building demolition, public infrastructure, site demolition, site preparation, Brownfield Plan/Work Plan Preparation, and contingency and which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals. The Developer's Eligible Costs shall not exceed the lesser of $944,911 and/or actual expenses incurred and documented to the Authority's satisfaction during the not-to-exceed 15-year reimbursement period.

I. The parties are entering into this Agreement to establish the procedure for the reimbursement from Tax Increment Revenues under Act 381 as amended.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements set forth herein, the parties agree as follows:

1. Recitals. The above recitals are acknowledged as true and correct, and are incorporated by reference into this Paragraph.

2. The Plan. The Plan, approved by the Authority and the Kalamazoo City Commission, is attached as Exhibit B and incorporated as part of this Agreement. To the extent provisions of the Plan or this Agreement conflict with Act 381, Act 381 controls.

3. Term of Agreement. Pursuant to the Plan, the Authority shall capture and reimburse the Developer that amount of Tax Increment Revenues generated from real and personal property taxes allowed by law on the Eligible Property, subject to the terms and conditions in this Agreement. At any time before the date that is four (4) years after the date of this Agreement, and after the completion of the Project, Developer may give to the Authority written notice directing the Authority to commence the capture of such Tax Increment Revenues (the "Capture Commencement Notice"). Completion of the Project shall be deemed achieved once a final certificate of occupancy is obtained for the Project. Notwithstanding the foregoing, Developer shall not be required to obtain a final certificate of occupancy for Tenant Ready Space to achieve completion of the Project provided Developer has obtained a temporary certificate occupancy or comparable certificate (e.g., a building and shell certificate) for the Tenant Ready Space, and a final certificate of occupancy or equivalent for the remainder of the Project. For purposes hereof, "Tenant Ready Space" means office, retail, or other commercial space which is in a "cold grey shell" or "white box" condition, awaiting tenant improvements. Capture will begin in the first full year after Developer's delivery of the Capture Commencement Notice, and will continue until the earlier of:

3.1. Full reimbursement to the Authority of its Administrative Costs, plus reimbursement to the Developer of the Property as outlined in the Plan, including reimbursement of Eligible Costs for those Eligible Activities set forth in Paragraph 5, plus an additional amount captured by the Authority for an additional five full years of tax capture ("Additional Authority Amount") such Additional Authority Amount to be designated for the Local Brownfield Revolving Fund "Local Fund"; or

3.2. Up to 20 full years. With five of the twenty years designated for Local Brownfield Revolving Fund (LBRF) only.

4. Evidence of Ownership. Not later than the date of delivery of the Capture Commencement Notice, Developer shall provide to the Authority each of the following: (a) evidence satisfactory to the Authority that the Developer has acquired fee simple title to the Property, which evidence shall include (without limitation) a copy of a recorded deed to the Property in favor of the Developer; and (b) a copy of a commitment for owner's title insurance with respect to the Property (the "Commitment"), which Commitment shall show the Developer as record owner of the Property, and shall otherwise be in form and reasonably substance satisfactory to the Authority.

5. Eligible Activities. The Developer shall diligently pursue completion of the Eligible Activities summarized in the Plan and set forth in this Paragraph. The Authority shall, in accordance with the terms of this Agreement, reimburse the Developer for Eligible Costs incurred on or after the date of the inclusion of this Project in the Plan. For purposes of this Agreement, "Eligible Costs" means costs incurred in conducting Eligible Activities including, environmental due diligence and due care activities, site assessment and baseline environmental assessment activities, lead and asbestos abatement, building demolition, public infrastructure, site demolition, site preparation, Brownfield Plan/Work Plan Preparation, and a contingency amount, and which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals and/or any other Eligible Activities permitted under Act 381 and summarized in the Plan. Additionally, the Authority shall reimburse the Developer for any Eligible Costs which were incurred on or after the date that is five (5) years before the date of the inclusion of this Project in the Plan, subject to the requirements and process set forth in this Agreement.

6. Reimbursement Source. During the term of this Agreement and except as otherwise set forth in this Agreement, the Authority shall reimburse the Developer for its Eligible Costs, in accordance with the process herein, and as limited under this Agreement, from all available (actually captured) Tax Increment Revenues collected from the real and personal property taxes on the Property.

7. Reimbursement Process.

7.1. Cost Reimbursement Request. Before December 31 of the year after Developer provides the Capture Commencement Notice, the Developer will provide sufficient documentation of the Eligible Costs incurred including the dates of each Eligible Activity, a complete description of the work, proof of payment, detailed invoices for the costs involved for each Eligible Activity, sworn statements, lien waivers from Developer's general contractor (to include verification that all applicable subcontractors were paid in full) and other back up documentation reasonably requested by the Authority; a written statement certifying to the Authority that all such costs are Eligible Costs; and a final certificate of occupancy to document completion of the Project or such other certificate as is required under any tenant lease for the applicable portion of the Project in order for Developer to turnover such space to its tenant. The information and documentation described in the preceding sentence comprise the "Completed Request".

Failure to provide the above noted information when due, or within the time permitted by the Authority under Paragraph 7.2, shall not extend the term of the Agreement and consequently may result in foregone reimbursement, to the Developer by the Authority, for Eligible Costs.

7.2. Authority Staff Review. The Authority Staff shall review each reimbursement request within 30 days after receiving it. If Authority Staff determines that the documentation submitted by the Developer is not a Completed Request, then Developer shall reasonably cooperate in the Authority's review by providing, within 30 days of the Authority's written request, any additional documentation of the Eligible Costs as is reasonable and necessary by the Authority in order to complete its review. Within 45 days following the receipt of such supplemental information, the Authority shall make the determination of whether the costs are eligible for reimbursement. If the Developer wishes to challenge that determination, it shall provide written notice to the Authority within 15 days of the Authority Staff's written determination, and the issue shall be brought to the Authority within 45 days thereafter for its determination. The Developer shall not be entitled to any claim or cause of action for consequential damages against the Authority as a result of any determinations made in good faith regarding whether or not any cost submitted by the Developer constitutes an "Eligible Cost," and hereby grants the City and the Authority and their respective officers, agents and employees, a complete release and waiver of any such claims or causes of action as a result of the foregoing. Any dispute arising out of a request for reimbursement shall not affect Developer's right to receive reimbursements as to the undisputed portions of the Completed Request.

7.3. Reimbursement. Before July 31 of the year after Developer delivers a Capture Commencement Notice (and as property taxes are received each subsequent year) after both the summer and winter taxes are captured and collected on the Property, the Authority shall reimburse its Administrative Costs and pay approved Eligible Costs to the Developer from Tax Increment Revenues that are generated from the Property in accordance with the Plan and Paragraph 7 to the extent that taxes have been captured and are available in that fiscal year. The Authority shall receive ten (10) percent of Tax Increment Revenues each year until its Administrative Costs are fully reimbursed, unless a lower percentage is otherwise designated by the Authority.

In the event that there are insufficient Tax Increment Revenues available in any given year to reimburse all of Developer's Eligible Costs, as described in Paragraph 5, then the Authority shall reimburse the Authority or Developer only from available Tax Increment Revenues. The Authority shall make additional payments, on an annual basis as property taxes are received, toward the Developer's remaining unpaid Eligible Costs during the term of this Agreement. The Developer shall not be entitled to receive any interest on amounts for which reimbursement is requested under this Agreement. The Developer shall not be entitled to reimbursement under this Agreement unless all real and personal property taxes have been timely and completely paid, including all penalties, interest and other amounts due in relation thereto when due. For purposes of this Agreement, to be timely paid, taxes must be paid before the date on which they can no longer be paid without penalties or interest. The repayment obligation under this Agreement shall expire upon the earlier of the full payment by the Authority to the Developer of all amounts due to the Developer from the Tax Increment Revenues or up to 15 full years from the beginning of Tax Increment Revenue capture. Notwithstanding anything herein to the contrary, if there is a reduction of the Tax Increment Revenue capture for the Project from that projected, then the Authority shall, in good faith, consider requests from the Developer to extend the term of this Agreement and/or the capture and reimbursement term to allow for the full reimbursement to Developer for all of the Developer's Eligible Costs, unless the reduction of the Tax Increment Revenue capture is the result of a tax appeal.

7.4. Method of Reimbursement. The Authority will reimburse the Developer for Eligible Costs as follows:

Checks shall be payable to and delivered by certified mail (or through electronic transfer if available through Developer) to:

19 Props, LLC
200 West Michigan Avenue, Ste. 201
Kalamazoo, MI 49007

8. Adjustments. The parties acknowledge that adjustments regarding the amount of Tax Increment Revenue paid to the Developer may occur under any of the following circumstances:

8.1. Audit or Court Ruling: In the event that a state agency of competent jurisdiction conducting an audit of payments made to the Developer under this Agreement or a court of competent jurisdiction determines that any portion of the payments made to the Developer under this Agreement is unlawful, the Developer shall pay back to the Authority that portion of the payments made to the Developer within 30 days of the determination made by a state agency or the court as the case may be. However, the Developer shall have the right, before any such repayment is made, to appeal on its or the Authority's behalf, any such determination made by a state agency or court as the case may be. If the Developer is unsuccessful in such an appeal, the Developer shall repay the portion of payments found to be unlawful to the Authority within thirty (30) days of the date when the final determination is made on the appeal. The Developer shall be responsible for payment of all of the City's and Authority's legal fees associated with any determination of whether a cost for which reimbursement is requested constitutes an "Eligible Cost" and all of the City's and Authority's legal fees associated with the review or determination of such issues by any state agency or court.

8.2. Property Tax Appeal: In the event the Developer, or any other owner of real estate on the Property, files an appeal related to the taxable value of parcels of property included in the Brownfield Plan, the Authority shall do the following:

(a) The Authority will hold the Tax Increment Financing Reimbursement payments in a separate account for the Authority until the pending appeal is adjudicated;

(b) Once any tax appeals are adjudicated, the Authority will either return the funds held in escrow to the local unit in compliance with any tax appeal rulings or will make payments pursuant to Section 7 of this Agreement.

8.3. Reduction of Property Assessments. If the Authority (i) incurs Costs on behalf of the Developer with respect to the Project, Site or Application and (ii) the Developer initiates, participates in or supports any proceeding or process which results in a reduction of the tax increment capture for the Project from that projected and along the same term as contained within the Plan, then the provisions under Paragraph 3 will require a redetermination regarding the amount of Tax Increment Revenues that the Authority previously paid to Developer (the excess amount determined to have been paid is the "Excess Amount") as a result of such lower assessments. If that amount is less than the actual amount of Tax Increment Revenues that the Authority has already paid to the Developer, the Excess Amount shall be offset against future reimbursements to Developer of Eligible Costs.

9. Responsibilities of Developer. In consideration of the inclusion of the Property into the Plan and the resulting financial benefits, which it expects to receive, and the Authority's commitments to capture of Tax Increment Revenue and to assist the Developer in the Project, Developer agrees to the following:

9.1. Project. At its sole expense, Developer shall use its best efforts to conduct the activities described in the Plan, to demolish the building on the Property and construct the Project. Notwithstanding anything herein to the contrary, Developer's obligation to commence construction of the Project shall be subject to Developer's determination, in its business discretion, that the Project is viable. The total capital investment on all phases of the project is expected to be approximately $25 million. Subject to matters beyond the reasonable control of Developer (e.g., war, acts of God, failure to obtain governmental approvals, governmental restrictions, exceptional health concerns for which a "stay at home" or "shelter in place" order is issued by an applicable governmental authority, etc.) ("Force Majeure"), Developer shall commence construction of the Project on a date (the "Commencement Date") that is within six months of Developer acquiring all required building permits or (b) Developer closing on financing facilities sufficient to finance the Project. Developer shall use commercially reasonable efforts to substantially complete the Project to the point of obtaining a certificate of occupancy within two (2) years after the Commencement Date. Under no circumstances shall the Authority have any responsibility or liability for remediation or redevelopment of the Property, or for conducting any "Eligible Activities" at the Property, except for its obligations under this Agreement to provide funds to the extent available as permitted in Paragraph 7 hereof with respect to payments from Tax Increment Revenues.

9.2. Employment Opportunities. To make every reasonable effort to work with the City and community employment agencies to hire city residents for new employment opportunities created by the Project, and to encourage the local contracting of employment opportunities through re-entry employment programs. Regardless of Developer's ability to hire city residents it shall make every reasonable effort to follow, and to cause any contractors hired to perform work on the Project, to follow the City's "Ex-Offender Purchasing" policy regarding hiring new employees who will work on the Project. A copy of this policy is attached as Exhibit C. and Developer will provide a copy of it to its general contractor prior to performing any work on the Project.

9.3. Ordinances. Develop the Property, including landscaping and all other improvements required for the Project, in compliance with all local ordinances, site plan reviews and this Agreement. The redevelopment of the Property shall be subject to all zoning approvals. This Agreement does not obligate any governing municipality to grant any such approvals.

9.4. Project Sign. Place on the Property during rehabilitation/redevelopment a development sign provided by the Authority to promote the Project and the Authority's participation in it. Upon completion of the Project, the sign will be returned to the Authority.

9.5. Promotion and Marketing. Permit the Authority to cite or to use any renderings or photographs or other materials of the Project as an example of private/public partnership and brownfield site redevelopment.

9.6. Cooperation. Assist and cooperate with the Authority in providing information that the Authority may require in providing necessary reports to governmental or other agencies, including, but not limited to, information regarding the amount of Developer expenditures and capital investments, jobs created, and square footage developed or rehabilitated with respect to the Project.

10. Responsibilities of the Authority. In consideration of the preceding commitments of Developer the Authority further agrees to:

10.1. Agency Contacts. Provide Developer with appropriate service/employment agency contacts for the identification of City residents to interview for potential employment; and

10.2. Tax Increment Revenues. To utilize Tax Increment Revenue to reimburse Developer for Eligible Costs incurred by Developer in completing the Project subject to actual capture and as limited and detailed in this Agreement.

11. Developer's Representations, Warranties and Covenants. The Developer hereby makes the following representations, warranties and covenants:

11.1. Eligible Property. To Developer's knowledge and belief, the Property is "eligible property" as defined in Act 381 and is eligible for the capture of Tax Increment Revenues pursuant to Act 381.

11.2. Eligible Costs. The Developer will only submit for reimbursement under Paragraph 7 hereof such costs that it has reasonably determined are Eligible Costs within the meaning of Act 381.

11.3. Due Authorization. The representatives signing this Agreement are duly authorized by the Developer to enter into this Agreement.

11.4. Developer commits to an allocation of 40 percent of its units for Workforce Housing at 80-120 percent AMI within the residential component of the Project. For purposes of this Agreement, the term Workforce Housing shall mean units offered at the rental rates as published in the Michigan State Housing Development Authority Income and Rent Limits report for Kalamazoo County in effect at the time the lease for the Workforce Housing Unit is executed (the "MSHDA Rent Report", attached as Exhibit D).

11.5. Developer commits to an allocation of 3 of its units for Affordable Housing at 60 percent AMI within the residential component of the Project. For purposes of this Agreement, the term Affordable Housing shall mean units offered at the rental rates as published the MSHDA Rent Report.

BRA agrees and acknowledges that the foregoing Undertakings shall only be effective and binding upon Developer from and after the date of this agreement.

12. Events of Default. Each of the following shall constitute an event of default:

12.1. Any representation or warranty made by the Developer in this Agreement proves to have been incorrect or incomplete in any material respect when made or deemed to be made.

12.2. The Developer fails to observe or perform any covenant or agreement contained in this Agreement for 30 days after written notice thereof shall have been given to the Developer by the Authority.

12.3. The Developer abandons or withdraws from the reuse and redevelopment of the Property.

12.4. The Developer fails to pay when due any funds which are required to be paid to the Authority pursuant to this Agreement, including but not limited to its real and personal property taxes as set forth in Paragraph 7 hereof, and such failure continues for thirty (30) days after written notice from the Authority.

12.5. The Developer terminates its existence in order to avoid its obligations under this Agreement.

13. Remedies upon Default.

13.1. If any event of default as defined above shall occur and be continuing for 30 days after written notice of default from the Authority (or such additional time as may be reasonably necessary to cure the default at issue provided that Developer has commenced such cure within the initial thirty (30) days and is proceeding in good faith to cure), the Authority shall have the right, but not the obligation, to exercise any of the following rights and remedies either individually or concurrently:

(a) Terminate this Agreement effective immediately upon notice to the Developer;

(b) All other remedies available at law or in equity;

(c) In addition, if the Developer fails to substantially complete the Project within the timelines required by this Agreement (but subject to Force Majeure), or if Developer otherwise defaults prior to substantial completion of the Project, Developer shall pay back to the Authority (within thirty (30) days following demand by the Authority) any amounts paid to Developer as reimbursement for Eligible Costs with respect to such incomplete phase of the Project pursuant to the terms of this Agreement or otherwise; and

(d) Withhold, suspend or rescind reimbursement to Developer for Eligible Costs from Tax Increment Revenue as set forth in Paragraph 5 until Developer has cured such default to the satisfaction of the Authority. Any such action by the Authority shall not under any circumstances extend the time period under subparagraph 3.2 unless specifically approved by the Authority.

(e) The Authority is responsible for its own cost and expenses including attorney fees incurred by the Authority to enforce its rights under this Agreement.

13.2. If the Authority fails in any material respect to perform or provide the Incentives, and such failure continues for a period of thirty (30) days after written notice from Developer to the Authority specifying the alleged default (or such additional time as may be reasonably necessary to cure the default at issue provided that the Authority has commenced such cure within the initial thirty (30) days and is proceeding in good faith to cure), the Developer shall have the option to exercise one or any combination of remedies under this Agreement or otherwise available at law or in equity, including without limitation: (i) to withhold or suspend the performance of all or any of the commitments under Paragraph 9;(ii) the Developer is responsible for its own cost and expenses including attorney fees incurred by Developer to enforce its rights under this Agreement.

14. Legislative Authorization. This Agreement is governed by and subject to the restrictions set forth in the Act. In the event that there is legislation enacted in the future which alters or affects the amount of Tax Increment Revenues subject to capture, Eligible Properties, or Eligible Activities, then the Developer's rights and the Authority's obligations under this Agreement may be modified accordingly by agreement of the parties.

15. Freedom of Information Act. Developer stipulates that all petitions and documentation submitted by Developer shall be open to the public under the Freedom of Information Act, Act No. 442 of the Public Acts of 1976, MCL 15.231 et seq., and no claim of trade secrets or other privilege or exception to the Freedom of Information Act will be claimed by Developer as it relates to this Agreement or petitions and supporting documentation.

16. **Plan Modification.** The Plan and this Agreement may be modified to the extent allowed under the Act by mutual agreement of the parties.

17. **Notices.** All notices and other communications required or permitted under this Agreement shall be in writing, shall be deemed given when delivered, and shall be sent by personal delivery, overnight courier, or registered mail, return receipt requested, to the following addresses (or any other address that is specified in writing by either party):

If to Developer:

Jeffrey A. Nicholson
19 Props, LLC
200 West Michigan
Avenue, Ste. 201
Kalamazoo, MI 49007

With copy to:

Aaron M. Smith
Mcshane & Bowie, PLC
99 Monroe Avenue NW,
Ste. 1100
Grand Rapids, MI 49503

If to the Authority:

City of Kalamazoo
Brownfield
Redevelopment Authority
241 West South Street
Kalamazoo, Michigan
49007

With copy to:

Jessica L. Wood,
Dickinson Wright PLLC
200 Ottawa Avenue NW,
Suite 1000
Grand Rapids, Michigan
49503

18. Indemnification. Developer shall defend, indemnify and hold harmless the Authority and the City, and any of their respective past, present and future members, officials, employees, agents or representatives from all losses, demands, claims, judgments, suits, costs and expenses (including without limitation the costs and fees of attorneys or other consultants) arising from or related to (i) the capture and use of Tax Increment Revenue paid to Developer as a reimbursable payment under this Agreement made in excess of the amount of tax increment revenues the Authority is determined by the State or court to be allowed by law to use for that reimbursement, and (ii) the Project.

19. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan.

20. Binding Effect/Third Parties. This Agreement is binding on and shall inure to the benefit of the parties to this Agreement and their respective successors, but it may not be assigned by any party without the prior written consent of the other party except that Developer shall have the right, without the Authority's consent, to assign this Agreement to any entity owned or controlled by Jeffrey A. Nicholson provided that Developer shall provide the Authority with written notice of any such assignment. For any assignments which the Authority's consent is required, such consent will not be unreasonably withheld, conditioned or delayed. The Developer may make a collateral assignment of this Agreement to any institutional lender in connection with any financing for the Project, provided that the form of such assignment shall be subject to review by the Authority's legal counsel to verify that it does not violate any applicable constraints imposed by the constitutional prohibition on the lending of credit. The parties do not intend to confer any benefits on any person, firm, corporation, or other entity, which is not party to this Agreement.

21. Waiver. No failure of either party to complain of any act or omission on the part of the other party, no matter how long this same may continue, is considered as a waiver by that party to any of its rights hereunder. No waiver by either party, expressed or implied, of any breach of any provision of this Agreement is considered a waiver or a consent to any subsequent breach of this same or other provision.

22. Authorization. Each of the parties represents and warrants to the other that this Agreement and its execution by the individual on its behalf are authorized by the board of directors or other governing body of that party.

23. Entire Agreement. This Agreement supersedes all agreements previously made between the parties relating to the subject matter. There are no other understandings or agreements between them.

24. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

25. Estoppel. At the request of Developer, the Authority will , within twenty (20) days after request, deliver to Developer, or anyone designated by Developer, an estoppel certificate stating that, as of the date of the certificate, Developer: (i) has performed all of its undertakings under this Agreement; (ii) has met all of its obligations for capital investment, square footage or job creation criteria; (iii) has substantially completed the Project in accordance with project plans or satisfied the requirements set forth in the approved site plan; (iv) has fulfilled commitments under Paragraph 9; and (v) is otherwise not in default under this Agreement, if all the above are true. Further, the Authority shall indicate that the Agreement is in full force and effect and is unmodified; or if modified, Developer has complied with all modifications and that Developer is not in default under the Agreement; or if Developer is in default, stating the nature of the default.

26. Definitions. The following capitalized terms are used in this Agreement with the following meanings:

"Administrative Costs" means the Authority's out-of-pocket costs associated with the Project (including reasonable attorney fees and costs, environmental consulting fees and costs, and similar fees and costs) as well as the Authority's indirect costs associated with the Project (including allocation of the fixed costs of the Authority staff);

"Brownfield Plan" is defined by Section 2(e) of Act 381;

"Due Care Activities" is defined by Section 2(m) of Act 381;

"Eligible Activities" is defined by Section 2(o) of Act 381;

"Eligible Property or Properties" is defined by Section 2(p) Act 381;

"Tax Increment Revenues" is defined by Section 2(ss) of Act 381, and, for purposes of this Agreement, includes school taxes and local (non-school) taxes.

[Signatures appear on the following pages)

In witness of their intent to be legally bound by the terms of this Agreement, each of the parties has set forth its signature below by its duly authorized representative.

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT
AUTHORITY

____

19 PROPS, LLC, a Delaware limited liability company

By: FLOOR 2 MANAGER, LLC, a Delaware limited liability company, its Manager

____
Jeffrey A. Nicholson, its Manager

<u>EXHIBITS:</u>

A (Legal Description of Property)
B (Copy of Brownfield Plan)
C (Ex-Offender Purchasing)
D (Michigan State Housing Development Authority Income and Rent Limits report)

4858-0515-9812 v2 [105916-1]

843964_4

BRA Board of Directors
Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Liaison

DATE: December 21, 2023

SUBJECT: Approval of a Letter of Intent with Davis Creek Land Development Co. to Purchase Property at Davis Creek Business Park.

RECOMMENDATION:

It is recommended the BRA approve of a Letter of Intent with Davis Creek Land Development Co. to purchase approximately 3 acres of property at Davis Creek Business Park for renewable energy development connected with a planned business expansion.

BACKGROUND:

Davis Creek Land Development Co. ("Purchaser") owned property within the Davis Creek Business Park (DCBP) operated by Seven Point Supply as a cannabis facility. The Purchaser is seeking additional property adjacent to the existing facility for solar energy development. The development is an important part of a larger development plan to expand the cannabis facility at the existing property. The renewable energy development is an approximately $2 million investment for a 392 kW solar array. The facility expansion will be 60,000 SF of production space and 10,000 SF of administrative office space. It is expected to create up to 65 FTE.

The property at DCBP is jointly owned by BRA and City of Kalamazoo. Following City land disposition policy, the Letter of Intent (LOI) will be signed by all parties and will be in effect for up to 90 days. During this time, the Purchaser will obtain a boundary survey for the new parcel. The BRA, City, and Purchaser will negotiate a sale price, and if acceptable, will bring forward a Purchase and Sale Agreement to the BRA for approval.

FISCAL IMPACT:

No direct fiscal impact is anticipated from this action. The property is currently tax exempt and selling to private developer for renewable energy development will generate ad valorem taxes. The tax revenues for this type of development are considerably less than other uses that require more property improvements, however, the committee was in support of this development concept when paired with the adjacent cannabis facility expansion.

Brownfield Redevelopment Authority

245 N. Rose, Suite 100, Kalamazoo, MI 49007
Phone 269.337.8082 | Fax 269.337.8182

development@kalamazoocity.org
www.kalamazoocity.org/development

December 21, 2023

Kyle Barker
Davis Creek Land Development Co, LLC
107 W Michigan Ave, Ste. 500
Kalamazoo, Michigan 49007

Re: Letter of Intent – Sale of Approximately Three Acres of Property at Davis Creek Business Park (PIN: 06-25-393-003)

Dear Mr. Barker:

This Letter of Intent ("LOI") follows conversations you have had on behalf of Davis Creek Land Development Co, LLC ("Developer") with City of Kalamazoo staff towards eventual expansion of the cannabis facility at 2830 Full Circle Drive in Kalamazoo, Michigan. The proposed renewable energy development project is located on real estate owned by the City of Kalamazoo and the Brownfield Redevelopment Authority ("BRA"). The future parcel, located in Davis Creek Business Park, will be split from Parcel ID 06-25-393-006 and will be more fully described following a legal boundary survey.

We understand that you would like to reserve, on a temporary basis, the rights to purchase approximately three acres of City of Kalamazoo and BRA-owned property. The development concept is to development this portion of the parcel for renewable energy generation ("Project") to supply energy to the facility expansion project immediately east of the parcel. This LOI shall serve to memorialize the next steps that Developer and BRA, respectively, will undertake towards the eventual purchase of the Property and development of the Project. To that end, and upon execution of this LOI, Developer shall use its best efforts and due diligence to complete the outlined tasks within the timeframes provided.

In consideration of $100.00, and other good and valuable consideration the receipt of which is hereby confirmed, the BRA grants Developer, subject to the conditions and requirements of this LOI, the exclusive right to purchase and redevelop the Property, which right shall terminate at the close of business on March 21, 2024 ("Exclusivity Period"). For the duration of the Exclusivity Period, the BRA and City of Kalamazoo will not entertain or enter into any agreement with any other entity expressing an interest in acquiring or redeveloping this Property.

During the Exclusivity Period:

1. BRA and City of Kalamazoo will
    - Provide Developer, upon request, with any environmental reports, surveys, and any other documentation in its possession that may assist Developer in evaluating whether to enter into a Purchase and Development Agreement;

    - Subject to a mutually acceptable separate access agreement between Developer and BRA, permit Developer and its environmental consultant(s) or other agents access to the

Property for any inspections, assessments, and/or any testing reasonably and customarily appropriate in exercising due diligence activities.
- Obtain a real estate appraisal to determine fair market value of the subdivided portion of the property.

2. Developer will
   - Obtain a boundary survey and legal description of the approximately 3-acre portion of the parcel and submit to BRA staff to satisfy requirements of a land division application.

   - Develop and submit draft site redevelopment plans for the Project consistent with City of Kalamazoo ordinances and present draft plan at a Projects Meeting scheduled with Community Planning & Economic Development Department;

   - Submit planning and financial documents for the Project to BRA staff, including draft building designs for facility expansion, site plans, and sources and uses of all outside financing (i.e. tentative proforma) in enough detail for the BRA to tentatively determine the feasibility of the Project.

3. Joint efforts
   - BRA and City of Kalamazoo staff and Developer will regularly communicate with one another and, as necessary, keep BRA Board of Directors updated on Developer's progress toward finalizing plans for the successful redevelopment of the Property. All parties will work to negotiate term of sale of the property for BRA Board of Directors and City Commission approval.

Before the conclusion of the Exclusivity Period, Developer shall notify the BRA in writing of its intent to finalize purchase of the Property, which purchase shall be subject to a mutually acceptable Purchase and Development Agreement memorializing the terms and conditions of sale and development. Upon such notification, a formal Purchase and Development Agreement will be prepared and submitted to you for your review and execution. Developer understands that this LOI does not address all issues to be negotiated by the parties.

If this LOI satisfactorily summarizes the terms under which Developer is interested in pursuing the potential purchase and redevelopment of the Property, so indicate by signing and returning a copy of this LOI to me. This LOI is not a binding contract to sell and purchase. This LOI supersedes any and all previous negotiations between BRA and Developer, whether written or verbal.

Sincerely,

CITY OF KALAMAZOO &
BROWNFIELD REDEVELOPMENT AUTHORITY

__________________________	__________________________________
By: Antonio Mitchell Its: Attorney-in-fact	By: James Ritsema Its: City Manager

ACCEPTED:

Date: ____________________ By: ___________________________________

Mr. Kyle Barker

cc: Jessica Wood, Brownfield Redevelopment Authority Legal Counsel
Aaron Leal, City Attorney
Jamie McCarthy, Sustainable Development Coordinator

BRA Board of Directors
Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Liaison

DATE: December 21, 2023

SUBJECT: Approval of a License Agreement with 116 West Cedar LLC and BURDICK@CEDAR LLC to Allow Soil Disturbance and Testing at 116 W. Cedar Street and Authorize the Chair to Sign.

RECOMMENDATION:

It is recommended the BRA approve a license agreement with 116 West Cedar LLC and BURDICK@CEDAR LLC to allow soil disturbance and testing at 116 W. Cedar LLC.

BACKGROUND:

The BRA is currently under contract to sell the property to 116 West Cedar LLC and BURDICK@CEDAR LLC for a redevelopment project. The property has an existing vacant and blighted building that requires the purchaser to incur costs for significant demolition and environmental abatement activities. The purchaser is in the due diligence and pre-construction phase of the project and has initiated geotechnical sampling at the site. These activities are anticipated and permitted through the existing Purchase and Sale Agreement. A contractor for the purchaser will also be excavating a small test pit north of the existing building that will require soil disturbance and testing. The attached license agreement provides terms and conditions for this work and requires property be returned to same or better condition.

FISCAL IMPACT:

No fiscal impacts are anticipated from this action.

LICENSE AGREEMENT
SOIL DISTURBANCE AND TESTING

This License Agreement is made effective as of December ___, 2023, by and between the City of Kalamazoo Brownfield Redevelopment Authority, a Michigan public corporate body, whose address is 241 West South Street, Kalamazoo, Michigan 49007 ("**Seller**"), and 116 West Cedar, LLC, a Michigan limited liability company, whose address is 750 Trade Centre Way, Suite 100 Portage, Ml 49002, and BURDICK@CEDAR, LLC, a Michigan limited liability company whose address is 4200 W. Centre Ave., Portage, MI 49024 (116 West Cedar LLC and BURDICK@CEDAR, LLC are collectively the "**Purchaser**").

BACKGROUND

A. Seller and Purchaser are parties to that certain Purchase and Sale agreement dated effective as of September 27, 2021 (as amended from time to time, the "**Purchase Agreement**"), whereby Seller agreed to sell, and Purchaser agreed to purchase, certain real property with a common street address of 116 West Cedar Street, Kalamazoo, Michigan 49008 (the "**Property**"), on terms and conditions as described with more particularity in the Purchase Agreement. Capitalized terms used but not defined in this License Agreement shall have the meanings ascribed to those terms in the Purchase Agreement.

B. Pursuant to Section 4(a) of the Purchase Agreement, Purchaser intends to conduct inspections of the subsurface soil conditions of the Property, which will necessarily involve digging or boring in the soil of the Property, and may involve the use of heavy equipment or machinery on the Property by Purchaser or its agents or representatives.

C. The parties are entering into this License Agreement to provide for certain terms and conditions regarding Seller's inspection of the Property, as described in more detail below.

AGREEMENT

Now therefore, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Purchaser agree as follows:

1) In conducting its inspections, Purchaser shall use or employ (or shall ensure that its contractors or agents use or employ) only personnel who have appropriate training and/or licensing to operate the machinery which may be necessary or desirable to complete the inspection work deemed necessary by Purchaser as permitted by the Purchase Agreement. Purchaser shall ensure that any work performed on the Property is completed in a good and workmanlike manner, following all standard safety precautions applicable to the type of work that is contemplated. Prior to disturbing the soil surface anywhere on the Property, Purchaser shall have underground utilities marked (for example by calling MISS DIG 811 or equivalent), and Purchaser shall take care that its activities on the Property do not disturb or cause damage to any marked underground utilities.

2) Purchaser will provide at least 24 hours advance written notice to Seller before commencing any work on the Property that will disturb the soil surface or subsurface. Seller may elect (at its sole discretion) to have Seller agents or representatives present on the Property to observe Purchaser's inspection work, provided that Seller or its agents shall not interfere or obstruct any Purchaser work that is being performed in accordance with this License Agreement or the Purchase Agreement.

3) Purchaser shall be responsible for any damage to or on the Property caused by Purchaser's activity on the Property.

4) Upon completion of the inspection work, Purchaser shall return any portion(s) of the Property where soil was disturbed to the same or better condition as it was before the work commenced, and remove any supports, signs, and any other items temporarily placed within or on the Property (excepting survey stakes or flags and painted utility markings on the soil surface).

5) Purchaser agrees to defend, indemnify and hold harmless the City of Kalamazoo and the Seller, including their agents, employees and officials (collectively, the "**Seller Parties**"), against any claims of loss caused by Purchasers' acts or omissions or that that arise from Purchaser's activity on the Property. Additionally Purchaser agrees to defend and hold harmless the Seller Parties from and against all losses, liabilities, damages, claims, liens, expenses (including, without limitation, reasonable attorneys' fees and expenses) fines and penalties asserted against or incurred by Seller Parties and arising out of, incidental to or connected with the approach to or entry or activities upon the Property or any portion thereof by Purchaser and its or their authorized personnel, employees, agents, contractors, invitees and representatives (the "**Purchaser Parties**"), including, but not limited to, all losses, liabilities, costs, damages, expenses, fines and penalties arising out of or from any accident or other occurrence on or about the Property or any portion thereof causing property damage, injury or death to any person whomsoever, including, without limitation, to the Purchaser Parties. The provisions of this section shall survive the expiration or termination of this Agreement.

6) Purchaser agrees that neither they nor any Purchaser Parties shall begin inspection work pursuant to this License Agreement unless and until satisfactory evidence of insurance, naming Seller and the City as an additional insured, is delivered to Seller. Purchaser, for themselves and their authorized representatives, may provide Seller with insurance binders or insurance riders as evidence of the insurance coverage required by this paragraph.

7) Either party may terminate this Agreement, with or without cause, upon providing the other with 48 hours written notice, provided, however, that Purchaser's obligations under Sections 5 and 8 shall survive termination.

8) The Purchaser and any members, shareholders, partners, directors, officers, managers, persons, firms, brokers, agents, employees, contractors and representatives of, or acting or purporting to act on behalf of, the Purchaser WAIVES AND RELEASES the City of Kalamazoo, Seller, and any and all members, shareholders, partners, directors, officers, managers, persons, firms, brokers, agents, employees, contractors, and representatives of, or acting or purporting to act on behalf of, the City of Kalamazoo or Seller FROM ALL CLAIMS RESULTING DIRECTLY OR INDIRECTLY FROM ACCESS TO THE PROPERTY, ENTRANCE UPON THE PROPERTY, OR PERFORMANCE OF THE PERMITTED ACTIVITY PURSUANT TO THIS LICENSE AGREEMENT, OTHER THAN CLAIMS RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SELLER. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE EXPIRATION AND TERMINATION OF THIS LICENSE AGREEMENT.

IN WITNESS WHEREOF, Purchaser and Seller have executed this License Agreement effective as of the date first appearing above.

SELLER:

CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY

By: ______________________________

Name: ______________________________

Its: ______________________________

PURCHASER:

116 WEST CEDAR, LLC

By: Hinman Family, LLC

____
By: Roger E. Hinman, Manager

By: BURDICK@CEDAR, LLC

____
Joseph L. Gesmundo, Manager

BRA Board of Directors
Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Antonio Mitchell, Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, BRA Liaison

DATE: December 21, 2023

SUBJECT: Nomination and Approval of New Officer Positions for Chair, Vice Chair, and Treasurer/Secretary Effective January 1, 2024.

RECOMMENDATION:

It is recommended the BRA Board nominate and approve the new officer positions for Chair, Vice Chair, and Treasurer/Secretary, effective January 1, 2024.

BACKGROUND:

The BRA bylaws include three officer positions that serve to lead board meetings and execute official documents, as approved by the board. The board nominates and elects new officers each year to serve a 1-year term. The officer positions include a Chair, Vice Chair, and officer that serves both as Treasurer and Secretary. The Executive Committee is recommending the following officer nominations for the 2024 calendar year:

- Director Jason Novotny, Chair
- Director Lucas Middleton, Vice Chair
- Director Kyle Gulau, Treasurer/Secretary

FISCAL IMPACT:

No fiscal impact is anticipated from this action.