CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
Thursday, May 16, 2024
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007

MEMBERS PRESENT: Kevan Hess; Jason Novotny; Sharon Ferraro; Nathan Bolton; Lucas Middleton; Rachel Bair

MEMBERS ABSENT: Michael Gurnee; Kyle Gulau; Torean Greeley; Alonzo Wilson; Andrew Schipper

CITY COMMISSIONERS/CITY STAFF PRESENT: Jamie McCarthy (Sustainable Development Coordinator); PJ Thuringer (Economic Development Supervisor); Jessica Wood (Attorney, Dickinson Wright); David Stegink (Fishbeck, Consultant); Jared Chambers (Business Specialist); Jerrid Burdue (Neighborhood Business & Special Projects Coordinator); Heidi Gartley (Brownfield Project Assistant)

Meeting was called to order at 8:42 AM by Chair Novotny.

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

APPROVAL OF AGENDA: Director Middleton moved the approval of the agenda as presented; seconded by Director Bolton. Motion approved by voice vote unanimously.

APPROVAL OF MINUTES: Director Hess moved approval of minutes from the meeting of April 18, 2024 as presented; seconded by Director Middleton. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTOR'S COMMENTS

Director Ferraro asked if anyone else noticed the new Cannabis Outlet Store on Stadium. She said she doesn't think it is opened yet. She asked if we would regulate that if they opened a store? Mr. Chambers said he is not aware of it. Director Novotny thanked her for bringing this to the group's attention.

Director Novotny said he will be abstaining from items on the agenda pertaining to Bogan Developments due to ongoing project involvement with them. Director Middleton will sign any of those related items that require the Chair's signature.

PUBLIC HEARING

1. Public hearing for an Act 381 Brownfield Plan for the Redevelopment Project at 5135 and 5147 Portage Road, Kalamazoo, Michigan.
    a. Opening of the Public Hearing: The public hearing was opened at 8:45 AM.
    b. Project Presentation:
        - Ms. McCarthy shared a presentation on the new hotel development. It is the former

Brewster's restaurant and a former gas station in another section of the parcel. The new proposed development is a four-story hotel. She shared part of the reason this project was really attractive and gained some support is because it is located at the Southern gateway of the City. There has been a lot of investment in this area in terms of the I-94 interchange and further private investment would be really beneficial. The property is adjacent to the airport. We have the ability and the private investment that will help remove the blighted building and some of the public investments will help clean up the contamination and historic releases that have happened there. She presented slides on the screen of the current state of the site and renderings of the proposed development.
Ms. McCarthy talked through items of the Brownfield Plan, as found in the agenda packet.

- Greg Dobson, representative of AVB, thanked Mr. Stegink for writing the Brownfield Plan and assisting. He said they are really excited about this development, and they think this gateway project is a chance to really change that first step into Kalamazoo as you make your way to the airport. The SpringHill Suites that they just opened up was number 11 out of 550 SpringHill Suites in the country for guest experience ratings. They are looking to do something very similar with this Residence Inn. Mr. Dobson shared it ties into a number of the different economic development activities going on in the area. They look forward to getting started with the board's support.
- Curt Aardema, representative of AVB, shared the corridor has taken a bit of a hit with all the construction that has occurred. There is a fair amount of challenges from an aesthetics standpoint as you approach into the City of Kalamazoo. They think this is one of those projects that can catalyze additional change in the area, and with its location near the airport and the interstate, it's that first impression of Kalamazoo. He thanked the board.

c. Public Comment Period: None.
d. Board of Directors Comments: None.
e. Closing of the Public Hearing: The public hearing was closed at 8:53 AM.

NEW BUSINESS

1. Adoption of a Resolution Approving the Implementation of an Act 381 Brownfield Plan for the Redevelopment Project at 5135 and 5147 Portage Road and Recommending City Commission Adopt the Plan.

Director Hess moved adoption of a Resolution Approving the Implementation of an Act 381 Brownfield Plan for the Redevelopment Project at 5135 and 5147 Portage Road and Recommending City Commission Adopt the Plan; seconded by Director Bair.
A roll call vote was taken, and the motion passed unanimously.

2. Approval of an Extension to the Letter of Intent with Bogan Developments, LLC for the Zone 32 Phase 2 Redevelopments Project and Authorize the Department Director to Sign.

Ms. McCarthy shared they have been working on a number of items toward the eventual Purchase Agreement, which they plan to bring to the board next month. The property appraisal report is back. Mr. Bogan will present a programming change and his conceptual drawing to the Projects and Finance Committee next month. She thinks they will see a really great rental mix in the Low-Income Housing Tax Credit piece still involved.

Director Bair moved approval of an Extension to the Letter of Intent with Bogan Developments, LLC for the Zone 32 Phase 2 Redevelopments Project and Authorize the Department Director to Sign; seconded by Director Bolton.
A roll call vote was taken, and the motion passed unanimously. Director Novotny abstained.

3. Adoption of a Resolution Approving the Second Amendment to the Brownfield Plan Development Agreement for 315 E Frank Street and Authorizing the Chair to Sign.

Ms. McCarthy shared items 3 and 4 are related. She explained the amendment, as found in the packet. Staff worked with Fishbeck to verify duplicate funds were not being given through grants and TIF.

Director Ferraro moved adoption of a Resolution Approving the Second Amendment to the Brownfield Plan Development Agreement for 315 E Frank Street and Authorizing the Chair to Sign; seconded by Director Bolton.
A roll call vote was taken, and the motion passed unanimously. Director Novotny abstained.

4. Adoption of a Resolution Approving Reimbursement Request #2 for 315 E Frank Street Brownfield Plan in the Amount of $90,867.80.

Director Middleton moved adoption of a Resolution Approving Reimbursement Request #2 for 315 E Frank Street Brownfield Plan in the Amount of $90,867.80; seconded by Director Hess.
A roll call vote was taken, and the motion passed unanimously. Director Novotny abstained.

5. Adoption of a Resolution Approving the Fourth Amendment to the Purchase and Sale Agreement for 508 Harrison Street and Authorizing the Chair to Sign.

Ms. McCarthy invited the developers present to give an update.

Jessica DeBone, representative of River Caddis, said they are still working very hard towards a June 30th closing date. The equity syndicator is really trying to work with MSHDA to have MSHDA accomplish that. It is looking like it will now be closer to mid-July. They have about four checklists they are working through with MSHDA and the equity syndicator, primarily on the legal items. The different agreements on everything have been circulated and drafts are going around with comments. She shared they are in the home stretch, and they are really excited to have a groundbreaking and celebrate with the board soon.

Director Hess moved adoption of a Resolution Approving the Fourth Amendment to the Purchase and Sale Agreement for 508 Harrison Street and Authorizing the Chair to Sign; seconded by Director Bair.
A roll call vote was taken, and the motion passed unanimously.

6. Approval of a One-Year Contract for Brownfield Consulting Services with Fishbeck for $50,000.

Ms. McCarthy shared staff went through the City's procurement process. Four proposals were submitted. A small committee, including Director Hess and staff, was organized to complete individual scoring, then City Purchasing staff tabulated the scores. Ultimately, Fishbeck received the highest score. It was brought to the Executive Committee last week, and they gave a recommendation to award the one-year contract to Fishbeck.

Director Hess shared it was very similar to the process last time, with the final two bidders it came down to – but value of services and familiarity with scope of work stood out with Fishbeck.

Director Middleton asked what the renewal option is.

Ms. McCarthy shared they can renew up to four years. This follows city policy.

Director Ferraro moved approval of a One-Year Contract for Brownfield Consulting Services with Fishbeck for $50,000; seconded by Director Bolton.
A roll call vote was taken, and the motion passed unanimously.

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

STAFF REPORTS AND UPDATES

Ms. McCarthy distributed a spreadsheet projection of a rough schedule of what capture the board may be able to expect into the Local Brownfield Revolving Fund (LBRF) over time. She disclaimed that broad assumptions had to be made to put the spreadsheet together. The projects may not start exactly when the start dates are listed. For projects occurring in the next five years, staff used today's values for the taxable value. For projects in the future, they added a 1% growth, but it is unknown what the market will do. They had to take out school capture in some of these because they won't get this into the LBRF.

Ms. McCarthy completed this spreadsheet for approximately the next ten years. She said the numbers in the total column look really small in years 2031 and 2032, and this is because they are not seeing the projects being added. The projects that have such a low capture were listed as non-applicable. One example is a project that was sold to a tax-exempt organization. In the spreadsheet, the green rows give the next five years. By year 2028, it does grow quite a bit for capture occurring into the LBRF. She said the five-year estimated average is about $300,000 into that fund each year. There may be some leaner years in the early 2030s, but growth in the mid-2030s as the timing of the bigger projects switches to LBRF capture. She listed specific projects that will be switching capture at that time.

She said she is happy to talk with Directors individually about the project spreadsheet and how it relates to upcoming BRA policy updates. The BRA has a fund balance as well, and she thinks the board will want to be thinking about how they want to spend that down over time, but also probably use it to buffer these years as well. She has had fantastic conversations with staff, the state-wide brownfield team, and the county about how they use all the different funds they have available to support development in the best way they can.

Ms. McCarthy shared Ms. Gartley will be sending a poll to Directors via email to determine a date for a Special Meeting of the BRA to talk about policy. This will likely take place in early June.

ADJOURNMENT: The meeting was adjourned at 9:16 A.M. by Chair Novotny.

Heidi Gartley
Recording Clerk

Chair Signature

JASON NOVOTNY
Printed Name/Chair