

**CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
Thursday, September 18, 2025
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007**

MEMBERS PRESENT: Sharon Ferraro; *Jason Novotny; Andrew Schipper; Michael Gurnee; Rachel Bair; Scott Petersen; T.J. Ward; Lucas Middleton; Kyle Gulau

MEMBERS ABSENT: Alonzo Wilson; Eddie Warr

CITY COMMISSIONERS/CITY STAFF PRESENT: Jamie McCarthy (Development Manager); Jared Chambers (Business Specialist); Heidi Waffle (Brownfield Project Assistant); Bobby Boyd (Economic Development Supervisor); Logan Mulholland (Consultant, Fishbeck); *Jessica Wood (Attorney, Dickinson-Wright)

*Attorney Wood attended the meeting virtually.

Meeting was called to order at 8:15 AM by Chair Middleton.

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

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

APPROVAL OF MINUTES: Director Ferraro moved approval of minutes from the meeting of August 21, 2025 as presented; seconded by Director Ward. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

None.

DIRECTOR'S COMMENTS

Director Schipper said he will have to abstain from Item 1 of New Business due to employer involvement.

Chair Middleton thanked Director Novotny for his time serving as the EDC Chair.

NEW BUSINESS

1. Adoption of a Resolution Approving the Seventh Amendment to the Purchase and Sale Agreement related to 116 W Cedar Street to extend the investigation period.

Ms. McCarthy shared information on the project, as found in the packet. She noted Item 2 of New Business is also related to this site.

Curt Aardema, representative of AVB, gave a presentation on the project. He said the first vision of the project no longer worked with construction costs and interest rates going up. They are now trying to get to the missing middle

housing component. They have been working with Kalamazoo County with the housing millage, the City of Kalamazoo, as well as speaking with the Community Foundation, MEDC, and MSHDA to create a package to make this project work. They have acquired three parcels. There is currently a vacant building on 116 W Cedar.

Mr. Aardema stated when working on a project, they look at what has been on the site historically and what the context of the site is now – and then they try to blend so that the finished result fits in. They are also proposing more right of way space with greenery. The building will sit on Rose and Cedar, with the main entrance on Rose Street. The funds that go into this building will go into the housing units, because they will share existing amenities with the 400 Rose buildings. They will not be doing underground parking – it will be tucked into the middle of the block. They have done the floor planning – there will be a mix of studio, 1-bedroom, and 2-bedroom apartments. They are starting work on how the building will look on the exterior.

Mr. Aardema shared a proposed timeline. They have been on track since he was last in front of the board in March. They are trying to coordinate the two demolition projects and hope to have those done by the end of the year. Once the demo permits are in hand, they can pursue site plan review and complete both of those at the same time. Construction proposed to start in April 2026.

Mr. Aardema stated he appreciates all of the collaboration with the BRA.

Director Ferraro asked if they will be salvaging the building they are taking down.

Mr. Aardema said yes, they will have certified salvage people come out and salvage whatever can be taken, including doors, windows, cabinets, etc.

Chair Middleton asked if it is a challenging building (fire station) to disassemble and raze.

Mr. Aardema said based on their work, the estimated cost is \$600,000. He said it is a relatively complicated demolition. They will have to figure out how those materials have changed and how that might affect the cost.

Ms. McCarthy referred to a letter including in the agenda packet regarding abatement opinions from previous walk throughs.

Director Middleton asked about what the prospective Phase 2 would do in the meantime, prior to plans for development.

Mr. Aardema said it would be a placeholder for now. There are quite a few commercial vacancies, so they do not feel that it is wise to bring more commercial space to the area right now.

Director Gulau asked if there is anything the board can do right now to help accelerate the project.

Mr. Aardema said if the city can assist with the demolition of the fire station and stay on the same schedule as they work on their already-owned adjacent properties.

Director Bair asked if they are seeking any support for affordable units.

Mr. Aardema said they are seeking support from the County, City, and potentially the Community Foundation. They will have units all the way down to 40% and up to 120%. Not having to provide new amenities and common areas allows them to focus more on affordability.

Director Bair moved adoption of a Resolution Approving the Seventh Amendment to the Purchase and Sale Agreement related to 116 W Cedar Street to extend the investigation period, with such amendment being in

such form as approved by the Board Chair and subject to review by legal counsel; seconded by Director Gurnee.

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

2. Authorization to proceed with asbestos and hazardous materials survey and demolition and site preparation bidding for 116 W Cedar Street.

Ms. McCarthy said they are prepared to create a project code with Management Services. It is important they update the information that is 20 years old. They would be trying to get this work done in the next sixty days.

Director Gulau asked if it would make more sense to have the developer buy the property so they can complete the demolition work and then be reimbursed for it in a brownfield plan.

Mr. Aardema said they would like to know updated information about the building before they get deeper into it.

Gurnee said worst case scenario is the development falls through and then they have a site that is closer to development-ready. Best case scenario is the development happens, and then the costs get included into the brownfield plan and the BRA gets some reimbursement. He asks himself where and why the BRA is inserting themselves into the process.

Gulau questioned if they have the ability to execute this and whether or not this would push back the developer's timeline back too far.

Ms. McCarthy shared the City is currently going through this process with the City-owned building on Strockbridge. That demolition is being done through ARPA dollars and therefore, had more strings attached. The revolving fund will be more flexible dollars. She explained the bidding process with the City's Management Services department. She feels they will be prepared to get this done.

Director Gulau said he is worried because it feels like they have a deadline, and he is aware of how the seasons of development go. He said he wants to help the development, and all housing is good housing, but he is worried about their executional ability to stick to the timeline.

Director Schipper said on the other side of that, having to re-negotiate a new agreement would take time and also push the process back. He asked about timeline of bids.

Ms. McCarthy said they would have to do a closed bid, so that is why she chose sixty days. She also expects bidders will want to see the site as a pre-bid meeting. The goal is to have bids to look at in November. She will have to confirm if Management Services will require City Commission approval in addition to BRA approval, which would delay the process for a few weeks. She talked about the City purchasing policy.

Director Gulau said if everything moves forward in the right way, that is huge and will be worth celebrating. He said once it is shovel ready, then it is shovel ready for whoever comes along. He said if they feel like they can execute and the developer is comfortable and feels like they will get more information than before, then it is very exciting.

Mr. Aardema noted that the utilities have to get disconnected by October 31. That is very time sensitive, as otherwise it gets kicked out to April 2026. They cannot get a demolition permit without the utilities being disconnected.

Director Gulau moved authorization of staff to contract with a qualified vendor to complete an asbestos and hazardous materials survey at 116 W Cedar Street and to obtain demolition and site preparation bids for board consideration; seconded by Director Novotny.

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

3. Approval of a one-time payment of \$31,725 from the Local Brownfield Revolving Fund (LBRF) to 266 E Michigan Ave Kalamazoo LLC to pay the difference between the Water System Capacity Buy-In Fee stated in the Cost Estimate Proposal dated May 14, 2024 (\$3,760) and the actual amount charged by the City of Kalamazoo Department of Public Services Water Resources Division (\$35,485) for development at 266 E Michigan.

Ms. Mulholland shared background information on the reimbursement, as found in the packet. Because the property is eligible property and it is an eligible cost, they can provide a grant from the LBRF.

Ms. McCarthy reminded the board that the agreement is already in place. They requested the developer provide all of the documentation to keep proper records in the file and to issue the payment.

Director Gulau asked about seeing this project at a prior meeting for a reimbursement.

Ms. McCarthy and Ms. Mulholland explained that is what these funds were. They explained it is not TIF reimbursement because it is not approved within their brownfield plan, so the funds would essentially be granted out.

Director Gulau said other developers have come to the board in the past and they have had expenses that went above and beyond their plan or outside of their eligible expenses. He said they have to have a discussion about this – why in this instance they are giving a developer a grant when maybe they haven't in other instances.

Ms. McCarthy said at the time the board agreed to this because this developer came with a hardship they haven't seen before. They got caught in a six month window where they got a quote from the City saying the work would be just over \$3,000 to connect their water. Then when they got the final estimate to get the work done it was \$31,000. She said the board asked those questions at that time, about whether or not they were setting a precedent and if they would get the water fees from everyone. She shared this has been the only one because they are the ones who were caught with a quote they worked into their loan at the \$3,000 amount.

Director Ward asked if there was a change in the work that was done versus the work that was bid and why wasn't the City responsible for this.

Director Schipper explained it is not actually work being done. It is a fee for accessing water and using the system.

Director Ward expressed that it is a huge jump in cost.

Director Gurnee said they, as a board, have already decided to approve this activity and pay for the change in cost from the original quote. He said they are now at that point where the bill is essentially brought to them that they agreed to pay for, and this is the action in front of them today. It is not a reimbursement request just because it is not in the brownfield plan, but it is no different than any reimbursement request that comes in and they are just approving the payment of those invoices.

Director Gulau agrees that they had discussed something in March. He said he had in his notes, and perhaps his notes are wrong, that they were going to do a TIF advance but this motion is written as a grant.

Ms. McCarthy said the way the development and reimbursement agreement, which was modified, had said they would advance the developer TIF. Then they talked about there is not a line item in the brownfield plan that says the BRA gets reimbursed in the schedule. They are not going to amend the plan. While the BRA will get LBRF dollars in the last five years of the project, they will not get a separate line item for this payment. It is essentially like a TIF advance – they are advancing TIF now instead of typically they get reimbursement request approved, pay their taxes,

then get payment on a reimbursement basis. The terms were not laid out like a loan or lien.

Director Gulau said he wants to make sure he understands what this is. He asked if this is an extra \$31,725 to what they will be getting in LBRF.

Ms. McCarthy said no, because of the way this plan was approved under the old statute, they cannot capture on the \$31,725. This isn't a 25-year plan and they aren't maxed out on years, it is just that the statute changed after their project started. They would have to do a pretty significant plan amendment to capture those dollars – they have not gotten legal approval from the state to do such a thing.

Director Gurnee said it would almost need a brand new brownfield plan.

Director Gulau moved approval of a one-time payment of \$31,725 from the Local Brownfield Revolving Fund (LBRF) to 266 E Michigan Ave Kalamazoo LLC to pay the difference between the Water System Capacity Buy-In Fee stated in the Cost Estimate Proposal dated May 14, 2024 (\$3,760) and the actual amount charged by the City of Kalamazoo Department of Public Services Water Resources Division (\$35,485) for development at 266 E Michigan; seconded by Director Gurnee.

A roll call vote was taken, and the motion passed unanimously

*Director Novotny left the meeting at 9:10 AM.

4. Nomination and Approval of Director Kyle Gulau as BRA Chair, Director Rachel Bair as BRA Vice-Chair, and Director Andrew Schipper as BRA Treasurer/Secretary for a 1-year term effective October 1, 2025.

Director Gurnee moved Nomination and Approval of Director Kyle Gulau as BRA Chair, Director Rachel Bair as BRA Vice-Chair, and Director Andrew Schipper as BRA Treasurer/Secretary for a 1-year term effective October 1, 2025; seconded by Director Ferraro.

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

5. Adoption of FY 2026 Budgets for Fund 242 and Fund 243, in Substantially the Form Attached, Subject to Non-Substantive Changes by Management Services Department.

Ms. McCarthy noted that the staffing costs look lower than was discussed in committees. The shared staff members must be part of the City work force plan before it can be added to the budget, per Management Services. They are currently going through the HR process. This will need a budget amendment at a later date.

Ms. McCarthy discussed revenues and expenditures within the Fund 242 (LBRF) budget. She highlighted the fund balance of the LBRF. She mentioned the priorities for 2026 land on site readiness with a commercial real estate broker, including Davis Creek Business Park maintenance, and also regular due-care property management. She said the rest of the two buckets are the TIF reimbursements that could be advanced straight to developers if the board approves them and some right-of-way improvements or improvements on properties that the BRA owns.

Ms. McCarthy discussed the Fund 243 budget, which is the operating budget.

Director Gulau said the totals in the spreadsheet and in the narrative do not match for Fund 242. Director Gurnee also pointed out the \$150,000 difference.

Ms. McCarthy expressed she thinks the board is going to want the full \$115,000 for site readiness in this budget and asked the board.

The Directors expressed that they support the values listed in the budget narrative. The Directors and Ms. McCarthy

discussed that the board wants to use the budget numbers provided in the narrative.

Ms. McCarthy said she will look into the due care property management listed at \$160,000 in Fund 242. Management Services will tie these back to exact contracts and she wants to make sure the \$160,000 in due care property management is correct. If that is tying back to fewer contracts, they will right-size the budget. She shared that that line item for professional and contractual services will be not-to-exceed \$315,000.

Director Bair said she loves seeing a plan to spend the money.

Director Gulau moved adoption of FY 2026 Budgets for Fund 242 and Fund 243, as discussed in the September 18, 2025 BRA Board Meeting, Subject to Non-Substantive Changes by Management Services Department; seconded by Director Bair.

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

UNFINISHED BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

None.

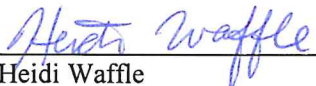
STAFF REPORTS AND UPDATES

1. 3625 W Michigan Ave – Bronco Commons has received conditional approval for a MSHDA Work Plan.
2. The Hiemstra Building has received conditional approval for a MSHDA Work Plan.

Ms. McCarthy said it is really exciting. They did have conditions for the approvals, but that has been pretty standard with MSHDA right now. They are working to get those conditions met, then that will give the City and the BRA the ability to capture state school tax millage as well.

Ms. Mulholland said she is not aware of any projects that have gotten full approval yet.

ADJOURNMENT: The meeting was adjourned at 9:26 A.M. by Chair Middleton.


Heidi Waffle
Recording Clerk

Chair Signature

Printed Name/Chair