

Agenda

Brownfield Redevelopment Authority

Board of Directors



City of Kalamazoo

Thursday, June 18, 2026

7:45 AM

City Hall, Community Room, 241 W South Street

A. CALL TO ORDER/ROLL CALL

B. ADOPTION OF FORMAL AGENDA

C. APPROVAL OF MINUTES

1. Approval of the Minutes from the Brownfield Redevelopment Authority Board Meeting on May 21, 2026.

D. PUBLIC COMMENTS

E. DIRECTOR COMMENTS

F. NEW BUSINESS

1. Approval of a Development and Reimbursement Agreement with Zone 32 Phase Two, LLC for the Redevelopment Project Located at 810 N Pitcher and 825 Porter Streets and Authorize the Chair to Execute, Subject to Approval as to Substance by the Board Chair and as to Form by BRA Legal Counsel.

(ACTION: Motion to Approve the Development and Reimbursement Agreement with Zone 32 Phase Two, LLC for the Redevelopment Project Located at 810 N Pitcher and 825 Porter Streets and Authorize the Chair to Execute, Subject to Approval as to Substance by the Board Chair and as to Form by BRA Legal Counsel.)

2. Adoption of a Resolution Approving a Revolving Loan Fund Loan in the Amount of \$500,000 related to Zone 32 Phase II Redevelopment Project.

(ACTION: Motion to adopt a Resolution approving a Revolving Loan Fund Loan in the amount of \$500,000 related to Zone 32 Phase II redevelopment project).

3. Approval of Amendment No. 1 to the Letter of Intent and Amendment No. 1 to the Access Agreement with The Trailhead Outdoors, LLC and Authorize the Chair to Sign.

(ACTION: Motion to Approve the Amendment No. 1 to the Letter of Intent and Amendment No. 1 to the Access Agreement with The Trailhead Outdoors, LLC and Authorize the Chair to Sign).

G. UNFINISHED BUSINESS

H. COMMUNICATIONS AND ANNOUNCEMENTS

I. STAFF REPORTS AND UPDATES

1. Upcoming BRA Board Retreat, Thursday, June 25 8:00 AM, KDPS Station #2 (1007 E Alcott St)

J. ADJOURNMENT

**CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY BOARD MEETING
Thursday, May 21, 2026
Community Planning and Economic Development
245 N. Rose Street, Kalamazoo, MI 49007**

MEMBERS PRESENT: Sharon Ferraro; Rachel Bair; Drew Duncan; Michael Gurnee; Scott Petersen; Kyle Gulau; Jason Novotny; Lucas Middleton

MEMBERS ABSENT: T.J. Ward; Eddie Warr; Andrew Schipper

CITY COMMISSIONERS/CITY STAFF PRESENT: Jamie McCarthy (Development Manager); Beth Cheeseman (Executive Administrative Assistant); Bobby Boyd (Economic Development Supervisor); *Jessica Wood (Attorney, Dickinson-Wright); *Logan Mulholland, (Consultant, Fishbeck); Ann Howard (Brownfield Project Assistant)

*Jessica Wood and *Logan Mulholland attended the meeting virtually.

Meeting was called to order at 8:17 AM by Chair Gulau.

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

Director Gulau stated there was a new item of business added to the agenda: the nomination to reappoint Director Middleton and Director Gurnee to new terms on the EDC and BRA Boards.

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

APPROVAL OF MINUTES: Director Bair moved the approval of the minutes from April 16, 2026 as presented; seconded by Director Petersen. Motion approved by voice vote unanimously.

PUBLIC COMMENTS

Ms. Mattie Jordan-Woods shared that she had two questions from December that she wanted answered. She read the two questions to the Board. In addition to those questions, she asked about the procedure of receiving a letter of support from the City Brownfield Board for her to work with the county Brownfield Board on her project. On April 16, she received a response from Ms. Jamie McCarthy which she said alluded to the answers to her two questions. She didn't feel it answered her questions nor did it outline a procedure for her to ask for a letter of support to work with the county Brownfield Board. Ms. Jordan-Woods stated that she doesn't want to wait for another month. She was asking for a written response in a timely manner.

DIRECTOR'S COMMENTS

Director Ferraro asked if her project was the Tiny Houses of Hope. Ms. Jordan Woods stated that her project was for 118 W Ransom. She was told she had to come to the City Brownfield Board. She stated that she doesn't have an attorney to fight the Board when biases come up. She requested to know what to do so she can move on and work with the county Brownfield Board.

Director Duncan asked Attorney Wood why the questions have not been answered. Attorney Wood said the questions were presented to Ms. McCarthy, and she understood that some response was given. Attorney Wood indicated they could share the process of moving a project to the county Brownfield with Ms. Jordan-Woods.

Director Gulau stated that he had the email that was sent to Ms. Jordan-Woods. He said there were six questions highlighted and answered. He read the question and answer regarding working with the county Brownfield vs the City Brownfield.

Ms. Jordan-Woods commented that the answer referenced the Township and her project is not in the Township. She clarified that she needed to know if she should come to the City Brownfield Board and give a presentation. Director Duncan stated that if a project stretches from the City into the county or township, then there needs to be a concurrence for that individual to go to the county. Director Ferraro asked if this project could go straight to the county and the consensus was it cannot. Director Bair stated that Ms. Jordan-Woods needed information on the first step to get on the agenda for the City Brownfield Board. This Board will need to approve a resolution for her to go to the county, which is then considered by the City Commission. She said that Ms. McCarthy would follow up and tell Ms. Jordan-Woods how to get on their agenda. Director Bair thanked Ms. Jordan-Woods for her persistence.

Director Novotny stated that due to ongoing project involvement with Zone 32 Phase II, he would be abstaining from those agenda items.

PUBLIC HEARING

1. Public Hearing for an Act 381 Brownfield Plan for Zone 32 Phase 2 Located at 825 Porter Street and 810 N Pitcher Street, Kalamazoo, Michigan.

- Project Presentation

Director Gulau opened the public hearing.

Ms. Michelle Audette-Bauman noted that they have an exciting and aggressive timeline for this project. Their financial closing and groundbreaking target date is July 15. She said they anticipate a 12-month construction period and a grand opening July or August 2027.

Ms. Audette-Bauman said this will be a mixed-use, mixed-income (40-90% AMI) development with a small neighborhood-scale commercial space which aligns with Live Work zoning. There are significant public infrastructure improvements being made (for example, roadways, sidewalks, street lighting). She showed renderings of the two-story, new construction building. Ms. Audette Bauman reported that they will include a community room, bicycle storage, and green space. She said urban infill projects are difficult and expensive, so they need support to pay for things like public infrastructure and onsite storm water.

Ms. Logan Mulholland, Fishbeck, reviewed an analysis of the project noting that there will be 10 income qualified units. She reviewed numbers for housing gaps, eligible activities, NEZ benefit, taxable value, housing development funds, and revolving loan.

Ms. McCarthy commented that it was not just the City providing support. Ms. Audette-Bauman stated they will receive \$1.5 million funding from MSHDA, and \$2 million from the county housing millage. She said that all City funding is structured as loans. Ms. McCarthy stated that the loan request, terms, and documentation would be coming forward next month. She also mentioned that Plante Moran was assisting the underwriting process.

Ms. Mulholland spoke about the number of years for the Brownfield Plan and other fees and amounts.

- Public Comment Period

There were no public comments.

- Board of Directors' Comments

Director Ferraro asked if the project was stick built construction and about the anticipated life of the building. She was curious if the building would be obsolete before the end of the financing terms. Ms. Audette-Bauman stated that she could not give a solid timeline for that. She said a lot of people care about making sure the life of the building is beyond the terms of financing. In the event something happens soon, they will make sure they have warranty protection.

Director Gulau asked her to restate the Capital stack, and he asked about the owner's equity percentage. Ms. Audette-Bauman listed off the funding sources. Ms. McCarthy estimated the owner's equity to be around 7-8%.

- Closing of the Public Hearing

Director Gulau closed the public hearing.

NEW BUSINESS

1. Adoption of a Resolution Approving the Implementation of the Act 381 Brownfield Plan for the Zone 32 Phase 2 Project and Recommending the City Commission Adopt the Plan.

Director Duncan moved the adoption of a resolution approving the implementation of the Act 381 Brownfield Plan for the Zone 32 Phase 2 project and recommending the City Commission adopt the plan; seconded by Director Bair.

A roll call vote was taken, and the motion passed. Director Novotny abstained. All other Directors voted yes.

2. Adoption of a Resolution Approving the Second Amendment to the Purchase and Sale Agreement between the City of Kalamazoo Brownfield Redevelopment Authority and Zone 32 Phase II, LLC and Authorize the Board Chair to Execute Closing Documents.

Director Gulau explained this was final paperwork to assign the agreement to a different LLC under the developer's control.

Director Duncan moved to adopt a resolution approving the second amendment to the purchase and sale agreement between the City of Kalamazoo Brownfield Redevelopment Authority and Zone 32 Phase II, LLC and authorize the Board Chair to execute closing documents; seconded by Director Gurnee.

Ms. McCarthy stated that Mr. Bogan reached out and he would like to assign the agreement to another entity under the same ownership. The resolution states that it gives the Board Chair authority to sign the closing documents. She said the second amendment has clear language that it is the same purchase price as the original sale and purchase agreement. It is fair market value with a 25% discount because 25% of their units are at 60% AMI or below.

A roll call vote was taken, and the motion passed. Director Novotny abstained. All other Directors voted yes.

3. Authorization for the Chair to Execute a Utility Easement for 825 Porter Street and Related Property in Connection with the Zone 32 Phase II Project, Subject to Review and Approval as to Form by BRA Legal Counsel.

Director Gurnee moved to authorize the chair to execute a utility easement for 825 Porter Street and related property in connection with Zone 32 Phase II Project, subject to review and approval as to form by BRA legal counsel; seconded by Director Ferraro.

A roll call vote was taken, and the motion passed. Director Novotny abstained. All other Directors voted yes.

4. Approval of a Development and Reimbursement Agreement with Peregrine-Peninsula, LLC for the 111 Portage Street Redevelopment Project and Authorize the Chair to Execute, including any Necessary or Appropriate Substantive Changes, Subject to Approval as to Substance by the Board Chair and as to Form by BRA Legal Counsel.

Director Gulau said this project was previously approved by the City Commission. Ms. McCarthy shared that the developer is ready to do the workplan and development agreement. She said they primarily used boiler plate language - modified slightly because the developer is not using gap financing. They are still working on terms with the developer, and Ms. McCarthy asked for some flexibility to work on changes with them and have the Board Chair sign off on them. She said they are committing to the same affordable housing they commit to with NEZ. Ms. McCarthy said if that shifted, she would bring it back to the Board. She said it is the standard agreement they have worked on for all their development agreements to this point before. The developer asked to be on this agenda so they can get their work plan into the State of Michigan's 60-day approval queue.

Director Duncan asked why they put language in the agreement that doesn't obligate them to be punitive if the developer defaults on the agreement. Attorney Wood indicated they would enforce on a default, but it gives the Board flexibility to select the remedies available at that time under those circumstances, but it doesn't obligate them.

Ms. McCarthy explained that typically reimbursements payments are delayed by a year. The developer pays summer and winter taxes and then they wait through settlement. She said it is a significant delay. They hold money for a relatively long period, so they understand the percentage breakdown. Ms. McCarthy said it puts the Board at low risk for paying the wrong dollar amount. She said they are at more risk of owing dollars to the developer than having to get money back from the developer.

Director Novotny moved to approve the development and reimbursement agreement with Peregrine-Peninsula, LLC for the 111 Portage Street Redevelopment Project and authorize the Chair to Execute, including any necessary or appropriate substantive changes, subject to approval as to substance by the Board Chair and as to form by BRA Legal Counsel; seconded by Director Duncan.

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

5. Approval of a Letter of Support for the Willard Street Project and Authorize the Board Chair to Sign.

Ms. McCarthy explained that this is a letter of support to the Kalamazoo County Brownfield Redevelopment Authority who have been working with Clark Logic on their project at 436 Willard Street. They would like to work with the county Brownfield Authority to put in a grant application to EGLE. While the property is in the City, Clark Logic has a loan with the county BRA and have worked with them in the past. It seemed to make sense that they would continue to hold that Brownfield loan and do the grant application to EGLE. Ms. McCarthy said that

technically EGLE rules say you can have one EGLE grant per year for a local unit government and the City BRA already did that with Kalrecovery Group. Ms. McCarthy added that Clark Logic is going through site plan review for this site. The letter says the City is in support of that grant going to the county.

Director Bair asked if Willard Street was spelled right on all the documents. Ms. McCarthy said she would fix that.

Director Duncan moved to approve a letter of support for the Willard Street Project and authorize the board chair to sign; seconded by Director Bair.

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

6. Approval of a Temporary Access Agreement with the City of Kalamazoo Parks and Recreation Department for Use of Property Located at 655 Gull Road, and Authorization for the Department Director to Execute the Agreement, as Presented and Subject to any changes approved as to substance by the BRA Chair and as to Form by BRA legal counsel and the City Attorney.

Director Novotny moved approval of a temporary access agreement with the City of Kalamazoo Parks and Recreation Department for use of property located at 655 Gull Road, and authorization for the Department Director to execute the agreement, as presented and subject to any changes approved as to substance by the BRA Chair and as to form by BRA legal counsel and the City Attorney; seconded by Director Duncan.

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

7. Approval of a Contract Extension for Brownfield Consulting Services with Fishbeck from June 1, 2026 - December 31, 2027 in an Amount Not-to-Exceed \$110,000.

Ms. McCarthy mentioned that this extension is longer than 12 months. They are recommending \$40,000 for this fiscal year and \$70,000 for next year's budget.

Director Duncan moved to approve a contract extension for brownfield consulting services with Fishbeck from June 1, 2026 - December 31, 2027 in an amount not-to-exceed \$110,000; seconded by Director Gurnee.

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

8. Discussion and Distribution of the Revised Annual Conflict of Interest Disclosure Form.

Director Gulau stated that this is the same form as was discussed at the EDC meeting. Directors need to submit the forms.

9. Recommendation of the reappointment of Directors Middleton and Gurnee to a full term on the Brownfield Redevelopment Authority Board for nomination by the mayor and approval by the City Commission.

Ms. McCarthy shared that Director Middleton would be serving a second term. Director Gurnee filled a partial term and this would be his first full term.

Director Duncan moved to recommend the reappointment of Directors Middleton and Gurnee to a full term on the Brownfield Redevelopment Authority Board for nomination by the mayor and approval by the City Commission; 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. Quarterly Budget Reports - Fund 242 (Local Brownfield Revolving Fund) and Fund 243 (Brownfield Operations)

Ms. McCarthy reviewed budget reports for funds 242 and 243.

Director Gulau commented that it was nice to get quarterly updates.

ADJOURNMENT: The meeting was adjourned at 9:08 A.M. by Director Gulau.

Beth Cheeseman
Recording Clerk

Chair Signature

Printed Name/Chair



BRA Board of Directors Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Rebekah Kik, Interim Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, Staff Liaison

DATE: June 18, 2026

SUBJECT: Approval of a Development and Reimbursement Agreement with Zone 32 Phase Two, LLC for the Redevelopment Project Located at 810 N Pitcher and 825 Porter Streets and Authorize the Chair to Execute, Subject to Approval as to Substance by the Board Chair and as to Form by BRA Legal Counsel.

(ACTION: Motion to Approve the Development and Reimbursement Agreement with Zone 32 Phase Two, LLC for the Redevelopment Project Located at 810 N Pitcher and 825 Porter Streets and Authorize the Chair to Execute, Subject to Approval as to Substance by the Board Chair and as to Form by BRA Legal Counsel.)

RECOMMENDATION:

It is recommended the BRA Board approve the Development and Reimbursement Agreement with Zone 32 Phase Two, LLC for the redevelopment project located at 810 N Pitcher and 825 Porter Streets and authorize the Chair to execute, subject to approval as to substance by the Board Chair and as to form by BRA Legal Counsel.

BACKGROUND:

Zone 32 Phase Two, LLC proposes to redevelop approximately 0.57 acres located at 810 N Pitcher Street and 825 Porter Street with a new mixed-use residential development. The project is anticipated to include thirty-eight (38) residential rental units and approximately 325 square feet of ground-floor commercial space. The development will include ten income-restricted units, consisting of two units reserved for households earning at or below 40% of Area Median Income (AMI) and eight units reserved for households earning at or below 60% AMI.

The property is included in the approved Brownfield Plan and qualifies as Eligible Property under the Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended. The project is expected to generate tax increment revenues that may be used to reimburse eligible brownfield activities identified in the Brownfield Plan.

The proposed Development and Reimbursement Agreement establishes the terms and conditions under which the Developer may be reimbursed for eligible brownfield costs from tax increment revenues generated by the project. Reimbursement is limited to eligible activities authorized under the Brownfield Plan and applicable Act 381 approvals. Total reimbursable eligible costs under the agreement shall not exceed \$2,028,406, inclusive of contingency, and reimbursement is anticipated to occur over a period of up to 25 years.

The agreement also establishes annual reporting requirements to verify continued compliance with the approved Brownfield Plan and applicable income-restricted housing commitments. The Developer will be required to provide documentation necessary to monitor compliance with affordability requirements and other performance measures throughout the reimbursement period, consistent with the City's administration of other housing-related incentives.

Approval of the agreement will provide the framework necessary for administration of brownfield reimbursements and implementation of the approved Brownfield Plan.

FISCAL IMPACT:

The Development and Reimbursement Agreement does not create a direct financial obligation of the Brownfield Redevelopment Authority. Reimbursement of eligible costs is contingent upon the generation and capture of tax increment revenues from the redevelopment project and is limited to the amount and duration authorized under the approved Brownfield Plan and applicable Act 381 approvals.

The agreement authorizes reimbursement of eligible activities in an amount not to exceed \$2,028,406. Eligible costs will be reimbursed solely from available tax increment revenues generated by the project and are separate from any loan assistance that may be considered by the Authority or the City.

DEVELOPMENT AND REIMBURSEMENT AGREEMENT

This Development and Reimbursement Agreement (the “Agreement”), is entered into on _____, 2026 between the **CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY**, a Michigan public body corporate established pursuant to Act 381 of the Public Acts of 1996, MCL 125.2651 et seq., as amended (“Act 381”), whose address is 241 W. South St., Kalamazoo, Michigan 49007 (the “Authority”), and **ZONE 32 PHASE TWO LLC**, whose address is 801 N Pitcher Street, Kalamazoo MI 49007 (the “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 that 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, or meet the definition of “Housing Property” under Act 381 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 owns property in the City located at 810 N Pitcher and 825 Porter Streets, Kalamazoo, Michigan (the “Property”) and legally described on the attached Exhibit A.
- F. The Property has been included in the Plan, attached as Exhibit B, and qualified as an “Eligible Property” under the terms of Act 381.
- G. Developer intends to redevelop the vacant Property. The proposed project, as currently planned, will include construction of a new mixed-use residential development consisting of thirty-eight (38) residential rental units and approximately 325 square feet of ground-floor commercial space. These investments are expected to create two residential units reserved for households with income at or below 40% of Area Median Income (“AMI”) and eight residential units reserved for households with income at or below 60% AMI.
- H. The project is expected to increase the property tax base within the City of Kalamazoo (the “Project”).
- I. City Commission has approved, or is considering approval of, a Neighborhood Enterprise Zone certificate for the Project pursuant to the Neighborhood Enterprise Zone Act, Public Act 147 of 1992, as amended, which is anticipated to support the financial feasibility of the Project.
- J. In connection with the Project, the Developer is seeking financial assistance from the Authority in the form of a loan from the Authority’s Revolving Loan Fund in an amount not to exceed Five Hundred Thousand Dollars (\$500,000), and from the City in the

form of a loan from the City's Housing Development Fund in an amount not to exceed Three Hundred Fifty Thousand Dollars (\$350,000), both of which are subject to consideration and approval by the respective governing bodies and the execution of separate loan documents.

- K. In completing the Project, the Developer is expected to incur Eligible Costs associated with certain Eligible Activities, including department specific activities, environmental due diligence, infrastructure and safety improvements, site preparation, housing development activities, including a "financing gap" for income restricted rental units, and preparation of brownfield plans, work plans, and implementation, which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals. The Developer's Eligible Costs which may be reimbursed under the brownfield plan, the work plan and this Agreement shall not exceed \$2,028,406.00, inclusive of contingency as described in the Plan.
- L. The parties are entering into this Agreement to establish the terms and conditions for the reimbursement of Developer's Eligible Costs from Tax Increment Revenues under Act 381.

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 for implementation by the Authority on May 21, 2026 and adopted the City of Kalamazoo City Commission on June 15, 2026, 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 the amount of Tax Increment Revenues generated from real and personal property taxes allowed by law on the Eligible Property. Capture will begin in the first full calendar year after the year the Project is completed, which is achieved once a final certificate of occupancy is obtained, 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 under this Agreement and 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 (5) full years of tax capture to be designated for the Local Brownfield Revolving Fund (the "LBRF"); or

3.2 30 years. With five of the 30 years designated for LBRF only.

4. Evidence of Ownership. Exhibit C includes a summary of the Project ownership interest, monetary considerations, fees, revenue and cost sharing, and other financial agreements and considerations between the parties involved. Prior to the execution of this Agreement, 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, shall reflect that all

material conditions to the issuance of a policy thereunder have been satisfied, and shall otherwise be in form and 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 Agreement. The Authority shall reimburse the Developer for Eligible Costs actually incurred on or after the date of the inclusion of this Project in the Plan, except for Eligible Activities that may lawfully be incurred prior to the date the Project is included in the Plan and as otherwise agreed upon by the Authority and included in the Plan, and may include including department specific activities, environmental due diligence, infrastructure and safety improvements, site preparation, housing development activities, including a “financing gap” for income restricted rental units, and preparation of brownfield plans, work plans, and implementation, which may require the services of various contractors, engineers, environmental consultants, attorneys and other professionals.

6. Reimbursement Source. Subject to the terms and conditions of this Agreement and during its term, except as otherwise set forth in this Agreement, the Authority shall reimburse the Developer for its Eligible Costs, as limited under this Agreement, from all available Tax Increment Revenues collected from the real and personal property taxes on the Property.

7. Reimbursement Process.

7.1 Cost Reimbursement Request. 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 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 Project completion. Failure to provide the above noted information when due, or within the time permitted by the Authority under Paragraph 7.2, may result in forfeiture of reimbursement, to the Developer by the Authority, for Eligible Costs that have not been requested within the timeframe and in the manner described herein.

7.2 Authority Staff Review. The Authority Staff shall review each reimbursement request within forty-five (45) days after receiving it. If Authority Staff determines that the documentation submitted by the Developer is not complete, then Developer shall cooperate in the Authority’s review by providing, within thirty (30) days of the Authority’s written request or it’s consultant’s written request, any additional documentation of the Eligible Costs as deemed reasonable and necessary by the Authority in order to complete its review. Within thirty (30) days following the receipt of such supplemental information, the Authority shall make the determination of whether the costs are “Eligible Costs” for reimbursement. If the Developer wishes to challenge that determination, it shall provide written notice to the Authority within thirty (30) days of the determination, and the issue shall be brought to the Authority during a regularly-scheduled or special meeting within forty-five (45) days thereafter for a final determination. The Developer shall not have any further appeal rights to challenge the final determination of the Authority and shall not be entitled to any claim or cause of action 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 claims or causes of action as a result of the foregoing.

7.3 Reimbursement. After both the summer and winter taxes are captured and collected on the Property, and contingent upon Developer’s compliance with the terms herein,

after settlement and Tax Increment Revenues from the summer and winter taxes are available for payment, the Authority shall reimburse its Eligible and 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, as follows:

(a) The Authority shall first retain ten (10) percent of Tax Increment Revenues each year until fully reimbursed, unless otherwise designated by the Authority. In the event that there are insufficient Tax Increment Revenues available in any given year to reimburse all of the Authority's and Developer's Eligible Costs, as described in Paragraph 5, then the Authority shall reimburse the Authority or Developer only from available Tax Increment Revenues.

(b) When an Act 381 Work Plan is approved by the State of Michigan, the Authority will capture 50% of the State Education Tax to be held for the State Brownfield Redevelopment Fund ("SBRF"), in accordance with Section 13(b)(14) of Act 381.

(c) Once the Authority is fully reimbursed for its Administrative Costs, the Developer shall receive the available Tax Increment Revenue, less Administrative and SBRF Costs, during the term of this Agreement, until all of the amounts for which proper submissions for reimbursement have been made have been fully paid to the Developer, or the repayment obligation expires, whichever occurs first. 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. In the event the Developer initiates an appeal of the assessed or taxable value of the Property, or of its classification, and pays any taxes then due and owing in order to maintain such an appeal, Developer shall not be considered to be in breach or default of this Agreement. 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 the Developer from the Tax Increment Revenues or 25 years from the beginning of Tax Increment Revenue capture.

(d) The Developer shall be reimbursed for the Financing Gap only after documentation of Income Restricted Units and Income Qualified households is provided to the Authority pursuant to Section 9. If the Developer cannot demonstrate that at least one (1) Unit meets the Income Restrictions and Income Qualifications required by the approved Brownfield Plan and this Agreement on the date of initial occupancy and each subsequent June 15, the Authority shall reduce that year's annual reimbursement in proportion to the number of units without Income Qualified households. The Developer may demonstrate that those units are filled with Income Qualified households in the subsequent reporting year and reimbursement for the Financing Gap for that Income Restricted Unit or Units will be restored associated with the tax year for which sufficient documentation is reported.

The Authority determination regarding Developer's eligibility for the financing gap reimbursement specifically, in any given year, shall be made separately from the Authority's reimbursement determinations for other eligible activities, on an annual basis, to the extent permitted by the State of Michigan. The Developer shall be reimbursed for the Financing Gap only after documentation of Income Restricted Units is provided to the Authority pursuant to Section 9. If the Developer cannot demonstrate that at least 10 Income Restricted Units meet the Rent and Income Restrictions and Income Qualifications required in the approved Brownfield Plan and this Agreement on the date of initial occupancy and each subsequent June 15, the Authority shall reduce that year's annual reimbursement in proportion to the number of units without Income Qualified households. The Developer may demonstrate those units are filled with Income Qualified households in the subsequent reporting year and reimbursement for the Financing Gap

for that Income Restricted Unit or Units will be restored associated with the tax year for which sufficient documentation is reported.

(e) Notwithstanding any other provisions of this Agreement, the Developer's Eligible Costs shall not exceed \$2,028,406.00.

(f) Notwithstanding any other provisions of this Agreement, the use of Tax Increment Revenues shall be conditioned upon the MSHDA approval of the use of Tax Increment Revenues realized from Educational Taxes to pay Eligible Costs and, if approved by the MSHDA for a specific time period, the use of other Tax Increment Revenues to pay for Eligible Costs shall be limited to the same time period.

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

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

Zone 32 Phase Two LLC
801 N Pitcher Street
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 thirty (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 the City's and Authority's reasonable and actual 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 with the Michigan Tax Tribunal, 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 attributable to the amount of the assessment or taxable value that is the subject of the appeal 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 originally projected and along the same term as contained within the Plan, the Developer indemnifies and will fully reimburse the Authority within thirty (30) days of notification from the Authority as to the amount and the due date for all costs, expenses or reduction in revenue from what was Projected as the tax increment capture.

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, Developer agrees to the following:

9.1 Project. At its sole expense, Developer shall use its best and good faith efforts to conduct the activities described in the Plan and to construct the Project. The Developer intends to develop the property into mixed-use development. The new investment planned for this site includes 38 apartments for an initial planned investment of approximately \$11 million. The Developer shall construct and make available for rent at least ten (10) Income Restricted Units, which shall consist of: 2 studio units rent and income restricted to households earning at or below 40% AMI and 8 studio units rent and income restricted to households earning at or below 60% AMI, according to the MSHDA Annual Income and Rent Limits for Kalamazoo County (the "Affordable Housing Requirement"). Subject to matters beyond the reasonable control of Developer (e.g., war, acts of God, 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 ("Commencement Date") that is within twelve (12) months of full execution of this Agreement. Developer shall use commercially reasonable efforts to substantially complete the Project to the point of receiving a Certificate of Occupancy within twenty-four (24) months 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 Deed Restrictions. Developer shall ensure that deed restrictions are recorded at the County Register of Deeds within thirty (30) days of the Project receiving a Certificate of Occupancy. The restriction shall match the proposed AMI levels in the Affordable Housing Requirement and be executed by Developer prior to any Tax Increment Revenues are received. The duration of Affordable Housing Requirement shall remain for 13 years after a Certificate of Occupancy is received for the Project.

9.3 Employment Opportunities. Developer shall 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 construction and site related work. Regardless of the 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 and "Non-discrimination" policy regarding hiring employees who will work on the Project. A copy of the policies are attached as Exhibit C.

9.4 Compliance with Laws. Developer shall at all times comply with all federal, state, and local laws and regulations in connection with the Project and its leasing activities, including, but not limited to, compliance with the Landlord-Tenant Act, Act 348 of 1972, as amended, and the Revised Judicature Act of 1961, Act 236 of 1961, as amended. 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.

9.5 Project Sign. Developer shall place on the Property during the construction period a development sign to promote the Project and the Authority's participation in it utilizing a logo or any artwork provided by the Authority. Such sign must be in compliance with the City's Zoning Ordinance, and shall be placed in a location that is agreed to by the parties and which does not interfere with the development of the Property. The sign may be co-located with other signs, including but not limited to signs that may be requested or required by MSHDA, the Michigan Economic Development Corporation, or other state or local agencies requiring or requesting such signs.

9.6 Promotion and Marketing. Subject to written authorization by the party that may own the intellectual property of same, Developer shall 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.

9.7 Income and Rent Documentation and Reporting.

(a) The Developer shall monitor and annually provide evidence to the Authority and/or a third-party providing verification services to the Authority that Income Restricted Unit rents are consistent with the Income and Rent Limits set forth in Section 9.1 of this Agreement and that Income Restricted Units are occupied by the appropriate Income Qualified households.

(b) Prospective and current renters or owners of Income Restricted Units must provide eligibility at the time of initial occupancy and each year thereafter. Developer shall demonstrate to the Authority that renters/owners occupying Income Restricted Units meet income limits by certifying renters or owners using the MSHDA Missing Middle Housing Program – 1040 Worksheet Tenant Income Certification or Owner Income Certification Form or as otherwise approved by MSHDA and the Authority.

(c) The Developer shall provide on an annual basis to the Authority, no later than June 15 each year during the Term, commencing June 15, 2029, a report to the Authority, including but not limited to, for the preceding calendar year, pursuant to the reporting requirements under Section 16 of Act 381:

1. Total Investment and new capital investment since the prior year's report;
2. Square footage of the new construction or renovation, including whether the space is residential, commercial, or other use;
3. New jobs created;
4. Total number of housing units and total number of Income Restricted Units, indicating the number rented to residents at or below 120% of AMI;
5. Number of Income Restricted Units rented during the annual reporting period;
6. Number of Income Qualified renting households assisted during the annual reporting period;
7. Income Restricted Unit rental rates; and
8. Racial and socioeconomic data on the individuals purchasing or renting the Income Restricted Units, or if this data is not available, racial and socioeconomic data on the census tract in which the housing units are located.
9. Other information required to be reported to the State of Michigan to verify compliance with Act 381, unless that information is readily available to the City of Kalamazoo Treasurer.

9.8 Payment of Authority Legal and Professional Fees. To the extent the following costs and fees are not paid to the Authority from Tax Incremental Revenues, the Developer shall reimburse the Authority for its actual and reasonable legal and professional fees and

disbursements incurred in connection with the review, approval and administration of the Plan for this Project, including any further amendments thereto; the preparation and negotiation of this Agreement, as it may be amended from time to time; and all documents and matters related thereto, including future expense. Developer shall reimburse the Authority for such expenses within thirty (30) days from the date that the Developer receives an invoice and request for payment from the Authority, provided Developer shall be eligible for reimbursement for such expenses to the extent permitted by law from Tax Increment Revenues.

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. 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.

10.3 Cooperation. Reasonably and in good faith cooperate with the Developer and utilize its best efforts to obtain any governmental approvals required to close the transaction contemplated by this Agreement.

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

11.1 Eligible Property. 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.

12. Events of Default. Each of the following shall constitute an event of default (each a "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 term contained in this Agreement for thirty (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 Project or indicates its intention to do so.

12.4 The Developer fails to pay any funds within thirty (30) days of the date due 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.

12.5 The Developer terminates its existence, admits its insolvency, or becomes a party to any judicial or administrative proceeding in bankruptcy, receivership, or reorganization.

12.6 Any material provision of this Agreement shall cease to be valid and binding on the Developer or shall be declared null and void; the validity or enforceability of such provision shall be contested or denied by the Developer; or the Developer denies that it is bound by this Agreement.

13. Remedies upon Default. In the event of a Default, either party shall notify the other party, in writing, of the nature of the breach within thirty (30) days of discovery of such default. The defaulting party shall have sixty (60) days, or such longer time as may be reasonable and agreed to in writing by the parties, (the "Cure Period") after receiving such written notice to cure the Default or to provide a plan acceptable to the Authority for curing the Default if it cannot be cured within the Cure Period. If the Default occurs and remains uncured after the Cure Period, 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) In addition, if Developer fails to substantially complete the Project with 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 repay 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 phases of the Project pursuant to the terms of this agreement or otherwise;
- (c) Withhold, suspend or rescind reimbursement to Developer for Eligible Cost from Tax Increment Revenue as set forth in Paragraph 5 until Developer as 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; and
- (d) All other remedies available at law or in equity.

Immediately following a Default by Developer, or following expiration or termination of this Agreement for any reason, Developer shall then be solely responsible for all subsequent Project costs, including Eligible Costs, without contribution from Tax Increment Revenues collected by the Authority from taxes levied on the Property.

The remedies of the Parties are cumulative and the exercise of any one or more of the remedies provided for shall not be construed as a waiver of any other remedies of such party.

14. Legislative Authorization. This Agreement is governed by and subject to the restrictions set forth in Act 381. 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 written 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, privacy,

acceptable to both the Developer and the Authority, subject to review by the Authority's legal counsel. The parties do not intend to confer any benefits on any person, firm, corporation, or other entity which is not party to this Agreement.

22. 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.

23. 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.

24. 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.

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

26. Definitions. Unless otherwise provided in this Agreement, the following capitalized terms are used in this Agreement with the following meanings:

"AMI" means Area Median Income and is the midpoint of a specific area's household income distribution;

"Administrative Costs" means the Authority's out-of-pocket costs associated with the Project (including actual and 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 and/or any third party monitoring of rent and income restricted units.)

"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 "Eligible 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.

"Housing Development Activities Financing Gap" (the "Financing Gap") is a MSHDA Eligible Activity defined in Act 381 in part as reimbursement provided to a developer to fill a financing gap associated with the development of housing units priced for Income Qualified households.

"Income Qualified" or "Income Qualifications" means household incomes at or below 120% of AMI for Kalamazoo County, as determined annually by MSHDA.

"Income Restricted Unit(s)" means residential rental units occupied by Income Qualified households at specific AMI targets defined in the Agreement.

"MSHDA" means the Michigan State Housing Development Authority.

[Signature page follows.]

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**

By: _____

Title: Chairperson

Date: _____

Zone 32 Phase Two LLC

By: _____

Title: _____

Date: _____

EXHIBITS:

A (Legal Description of Property)

B (Copy of Brownfield Plan)

C (Ownership Interest & Management Summary)

D (Ex-offender Purchasing Policy & Non-discrimination Policy)

E (Deed Restriction)

F (Housing Program 1040 Worksheet)



BRA Board of Directors Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Rebekah Kik, Interim Director of Community Planning and Economic Development
Prepared by: Jamie McCarthy, Staff Liaison

DATE: June 18, 2026

SUBJECT: Adoption of a Resolution Approving a Revolving Loan Fund Loan in the Amount of \$500,000 related to Zone 32 Phase II Redevelopment Project.

(ACTION: Motion to adopt a Resolution approving a Revolving Loan Fund Loan in the amount of \$500,000 related to Zone 32 Phase II redevelopment project).

RECOMMENDATION:

It is recommended the BRA Board adopt a Resolution approving a Revolving Loan Fund loan in the amount of \$500,000 related to Zone 32 Phase II redevelopment project.

BACKGROUND:

Zone 32 Phase Two, LLC proposes to redevelop approximately 0.57 acres located at 810 N Pitcher Street and 825 Porter Street with a new mixed-use residential development consisting of thirty-eight (38) residential rental units and approximately 325 square feet of ground-floor commercial space. The project includes ten income-restricted housing units, consisting of two units reserved for households earning at or below 40% of Area Median Income (AMI) and eight units reserved for households earning at or below 60% AMI.

As part of the project's financing strategy, the Developer has requested a loan from the Brownfield Redevelopment Authority's Revolving Loan Fund in an amount not to exceed \$500,000. The loan will be provided at 0% interest with a 2% default interest rate, a 20-year term, and a 5-year deferment period. The loan terms are structured to align with the City's Housing Development Fund loan for the project.

The proposed resolution authorizes the loan and execution of associated documents, including a Promissory Note and Personal Guaranty, subject to review and approval by legal counsel.

FISCAL IMPACT:

Approval of the resolution authorizes a loan from the Brownfield Redevelopment Authority Revolving Loan Fund in an amount not to exceed \$500,000 to Zone 32 Phase Two, LLC. The loan will be disbursed from available Revolving Loan Fund resources in accordance with the executed loan documents.

The loan carries a 0% interest rate with a 2% default interest rate, a 20-year term, and a 5-year deferment period, consistent with the structure of the City’s Housing Development Fund loan. Loan repayments will return to the Revolving Loan Fund for future brownfield redevelopment activities.

The loan is secured by a Promissory Note and Personal Guaranty, as approved by legal counsel.

**CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY**

**APPROVING A LOAN FROM THE REVOLVING LOAN FUND TO ZONE 32 PHASE
TWO, LLC**

Minutes of a regular meeting of the City of Kalamazoo Brownfield Redevelopment Authority held on June 18, 2026 at 7:45 a.m., local time, at City Hall, 241 West South Street, Kalamazoo, Michigan.

PRESENT:

ABSENT:

The following resolution was offered by Member _____ and seconded by Member _____.

RECITALS:

- A. WHEREAS, the City of Kalamazoo Brownfield Redevelopment Authority (the "Authority") has been established pursuant to and operates under the Brownfield Redevelopment Financing Act, Public Act 381 of 1996, as amended ("Act 381"); and
- B. WHEREAS, the Authority has established a Revolving Loan Fund to support the redevelopment of eligible brownfield properties within the City of Kalamazoo; and
- C. WHEREAS, Zone 32 Phase Two, LLC (the "Developer") is undertaking the redevelopment of property located at 810 N Pitcher Street and 825 Porter Street in the City of Kalamazoo (the "Project"); and
- D. WHEREAS, the Project has been approved under the applicable Brownfield Plan and is anticipated to advance the Authority's objectives of promoting the remediation and redevelopment of eligible property and supporting housing and mixed-use development within the City; and
- E. WHEREAS, the Developer has requested a loan from the Authority's Revolving Loan Fund in an amount not to exceed Five Hundred Thousand Dollars (\$500,000) to assist with financing the Project; and
- F. WHEREAS, the loan will be evidenced by a Promissory Note and secured by a Personal Guaranty, and will be made pursuant to the terms and conditions approved by the Authority and reviewed by legal counsel;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority hereby approves a loan from its Revolving Loan Fund to Zone 32 Phase Two, LLC in an amount not to exceed \$500,000.

2. The loan shall be structured at 0% interest with a 2% default interest rate, a 20-year term, and a 5-year deferment period, consistent with the loan terms presented to the Authority.
3. The Chair of the Authority is hereby authorized to implement the Promissory Note, Personal Guaranty, and any other documents necessary to effectuate the loan, subject to approval as to form by legal counsel.
4. The Authority authorizes its officers and staff to take all actions necessary to implement this Resolution.

AYES:

NAYS:

ABSTAIN:

RESOLUTION DECLARED.

CERTIFICATE

The foregoing is a true and complete copy of a resolution adopted by the City of Kalamazoo Brownfield Redevelopment Authority at a regular meeting held on June 18, 2026. 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 Act 381.

Date

Andrew Schipper
Secretary

PROMISSORY NOTE

\$500,000.00

KALAMAZOO, MICHIGAN
_____, 2026

FOR VALUE RECEIVED, the undersigned, **ZONE 32 PHASE TWO, LLC**, a Michigan limited liability corporation (“**Maker**”), whose mailing address is 801 N Pitcher Street, Kalamazoo, MI 49007, hereby promises and agrees to pay to the order of **THE CITY OF KALAMAZOO BROWNFIELD REDEVELOPMENT AUTHORITY**, a Michigan public body corporate (“**Payee**”), whose mailing address is 241 W South Street, Kalamazoo, Michigan 49007, the principal sum of FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00) (such amount outstanding from time to time, the “**Principal**”) payable in the manner set forth below.

This Promissory Note (this “**Note**”) is issued pursuant to Developer’s project to renovate and redevelop the real property with a street address of 825 Porter Street and 810 N Pitcher Street, Kalamazoo, Michigan 49007 (the “**Project**”). Maker shall use the proceeds of this Note solely in furtherance of the Project.

1. PAYMENTS. Maker shall pay to the order of Payee annual installments in the amount of \$25,000.00, with the first such installment due on January 31, 2032, and installment payments in like amount on the fifteenth day of January each subsequent year while any amount of Principal is outstanding (the “**Maturity Date**”). All payments made hereunder shall be made to Payee in lawful money of the United States on or before 11:59 PM EST on the date on which such payment is due, by cashier’s check, certified check, or verified ACH transfer of immediately available funds to the Payee’s account at bank specified by Payee in writing to Maker from time to time. Payments shall be applied *first* to accrued interest, and *second* to Principal outstanding under this Note. Maker may prepay all or any portion of this Note at any time and from time to time, prior to the Maturity Date, without penalty or premium.

2. INTEREST. Principal amounts outstanding under this Note shall bear interest at a rate per annum equal to zero percent (0.00%) (the “**Interest Rate**”). If any amount payable hereunder is not paid when due, whether at stated maturity, by acceleration, or otherwise, such overdue amount shall bear interest at the Interest Rate plus an additional 2.000 percentage point margin (the “**Default Rate**”). All computations of interest hereunder shall be made on the basis of a year of 365 days. Interest shall begin to accrue on the date of an Event of Default. If at any time the interest rate payable on outstanding Principal shall exceed the maximum rate of interest permitted under applicable law, such interest rate shall be reduced automatically to the maximum rate permitted.

3. SECURITY. This Note is a general unsecured obligation of Maker.

4. EVENTS OF DEFAULT. Each of the following shall constitute an “**Event of Default**” hereunder:

(a) Maker fails to pay any installment of Principal or interest due on this Note on or before the due date for such installment; or

(b) Maker makes a general assignment for the benefit of Maker’s creditors, is adjudged bankrupt, files a petition in bankruptcy, a petition in bankruptcy is filed against Maker, or Maker notifies Payee that Maker is generally unable to satisfy its obligations as they become due in the ordinary course.

5. ACCELERATION AND REMEDIES. Upon the occurrence of an Event of Default, Payee may, at Payee’s sole option, at any time thereafter declare all or any part of the unpaid Principal, and all accrued but unpaid interest thereon, to be immediately due and payable in full, *provided, however*, if an Event of

Default described in Section 4(b) shall occur, the outstanding Principal amount, accrued and unpaid interest, and all other amounts payable hereunder shall become immediately due and payable without notice, declaration, or other act on the part of the Noteholder. Upon an Event of Default (whether or not Payee has elected to accelerate this Note), the entire unpaid principal balance shall bear interest until paid at the Default Rate.

6. AMENDMENTS, WAIVERS, TERMINATION. Neither this Note nor any term hereunder may be amended, changed, waived, discharged or terminated except by an instrument in writing signed by both parties. The waiver by either party of a breach or violation of any provision of this Note shall not operate as a waiver of any subsequent breach or violation of any provision thereof. No failure or delay by Payee to exercise any right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

7. ASSIGNMENT. This Note may not be assigned or transferred by Maker without the prior written consent of Payee. This Note shall inure to the benefit of, and be binding upon, the parties and their successors-in-interest and permitted assigns.

8. HEADINGS. The headings in this Note are included for purposes of convenience only and shall not be considered a part of this Note in construing or interpreting any provision hereof.

9. GOVERNING LAW, ATTORNEYS FEES. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan, without giving effect to any conflict of law rule or principle that might require the application of the laws of another jurisdiction. In the event the Payee institutes and prevails in any legal suit, action or proceeding against the Maker upon an Event of Default by Maker, Maker agrees to pay Payee all costs of collection plus Payee's reasonable attorneys' fees for the services of counsel employed to collect this Note.

10. SEVERABILITY. If any portion of this Note is found to be void and/or unenforceable, then the rest and remainder of this Note shall be given full effect and be fully enforceable.

11. ELECTRONIC SIGNATURES. The words "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic and digital signatures and the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (".pdf" or ".tif") format shall be as effective as delivery of a manually executed counterpart of this Note.

IN WITNESS WHEREOF, Maker has duly executed this Note as of the date first above written.

ZONE 32 PHASE TWO, LLC

By: _____

Authorized Representative

Name:

Title:



BRA Board of Directors Staff Report

City of Kalamazoo

TO: Brownfield Redevelopment Authority Board of Directors

FROM: Rebekah Kik, Interim Director of Community Planning and Economic Development
Prepared by: Jared Chambers

DATE: June 18, 2026

SUBJECT: Approval of Amendment No. 1 to the Letter of Intent and Amendment No. 1 to the Access Agreement with The Trailhead Outdoors, LLC and Authorize the Chair to Sign.

RECOMMENDATION:

It is recommended the BRA approve Amendment No. 1 to the Letter of Intent and Amendment No. 1 to the Access Agreement with The Trailhead Outdoors, LLC.

BACKGROUND:

On February 19, 2026, the BRA approved a Letter of Intent ("LOI") and Access Agreement with The Trailhead Outdoors, LLC regarding the potential purchase and redevelopment of 910 O'Neil Street.

Since approval of the original agreements, the Developer has continued due diligence activities including environmental review, site analysis, project planning, and coordination with regulatory agencies. Through that process, the BRA owned property located at 50 Mills Street was identified as a potential component of the overall redevelopment project and warrants further evaluation by the Developer and its consultants.

The proposed amendments would add 50 Mills Street to the Property under both the LOI and Access Agreement and extend the expiration date of both agreements from August 19, 2026 to December 18, 2026. The additional time will allow the Developer to continue evaluating site feasibility, advance project planning efforts, and complete remaining due diligence activities.

All other terms and conditions of the LOI and Access Agreement shall remain unchanged.

FISCAL IMPACT:

No immediate fiscal impact. The estimated the true cash value of 50 Mills Street is \$25,000.

AMENDMENT NO. 1 TO LETTER OF INTENT

This Amendment No. 1 amends the Letter of Intent approved by the City of Kalamazoo Brownfield Redevelopment Authority on February 19, 2026, and executed by the parties on February 23, 2026, regarding the potential purchase and redevelopment of 910 O'Neil Street.

The parties desire to amend the Letter of Intent to include 50 Mills Street as part of the Property and to replace the current expiration date with December 18, 2026.

The Letter of Intent is amended as follows:

1. All references to the "Property" shall include the following BRA owned parcels:
 - a. 910 O'Neil Street (Parcel Number: 06-14-311-033)
 - b. 50 Mills Street (Parcel Number: 06-14-307-001)
2. The sentence stating; "For the period ending at close of business on August 19, 2026" is replaced with "For the period ending at close of business on December 18, 2026."
3. All other terms and conditions of the Letter of Intent remain unchanged.

Sincerely,

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY

By: _____
Kyle Gulau
Its: Board Chair

ACCEPTED:

The Trailhead Outdoors, LLC

By: _____
Mr. Luke Seedorff
Its: Authorized Representative

cc: Jessica Wood, Brownfield Redevelopment Authority Legal Counsel
Jamie McCarthy, Sustainable Development Coordinator

AMENDMENT NO. 1 TO ACCESS AGREEMENT

This Amendment No. 1 amends the Access Agreement approved by the City of Kalamazoo Brownfield Redevelopment Authority on February 19, 2026, and executed by the parties on February 23, 2026, regarding 910 O'Neil Street.

The parties desire to amend the Access Agreement to include 50 Mills Street as part of the Property and to replace the current expiration date with December 18, 2026.

The Access Agreement is amended as follows:

1. Section 2 of the Access Agreement is amended to include the following BRA owned parcels:
 - a. 910 O'Neil Street (Parcel Number: 06-14-311-033)
 - b. 50 Mills Street (Parcel Number: 06-14-307-001)
2. Section 3 of the Access Agreement is amended to replace "but not beyond August 19, 2026, unless extended by BRA" with "but not beyond December 18, 2026, unless extended by BRA."
3. All other terms and conditions of the Access Agreement remain unchanged.

CITY OF KALAMAZOO
BROWNFIELD REDEVELOPMENT AUTHORITY

By: _____
Kyle Gulau
Its: Board Chair

The Trailhead Outdoors, LLC

By: _____
Luke Sedorff
Its: Authorized Representative