AGENDA

1) Call to Order

2) Approval of LBRA Board of Directors Meeting Minutes – Friday, February 15, 2019

3) LBRA Tax Capture Policy (Action)

4) Amendment of Grant Agreement – Capital City Market

5) Assignment of Brownfield Reimbursement – Capital City Market (Action)

6) Update on Former EDS Site – BF Plan #74

7) Open Forum for LBRA Board Members

8) Other Business

9) Public Comment

10) Adjournment
Lansing Brownfield Redevelopment Authority
Board of Director’s Meeting Minutes
Friday, February 15, 2019 - 8:30 a.m.
M3 Group
221 W Saginaw Street
Lansing, MI 48933

Members Present: Calvin Jones, Thomas Donaldsor, Blake Johnson, Shelley Boyd, Kimberly Coleman, Mayor Andy Schor, Andrea Ragan, James Butler III

Members Absent: Fred Schaible

Temp Members Present: None

Staff Present: Karl Dorshimer, Marchelle Smith, Kris Klein, Anum Mughal

Guests: Brian Leffler, Robert E. Baird Company
Eric Helzer, Advance Redevelopment Solutions
Christopher Stralkowski, Fergusor Development
Jason Hockstok, Continental Real Estate Company
Jennifer Stralkowski, MSHDA
Steven Owen, Foster-Swift
Jim Smeritka, City of Lansing
Janet Michaluk, MI-Department of Environmental Quality
Rhonda Jones, Lansing Board of Water & Light

Public Present: None

Recorded by: Tedi R. Parsons, LEAP

Call to Order

Chair Jones welcomed everyone and called the LBRA Board of Directors meeting to order at 8:58 a.m.

Approval of LBRA Board Meeting Minutes – Friday, January 11, 2018

MOTION: Butler moved to approve the LBRA meeting minutes from the Friday, January 11, 2019 LEDC Board of Director’s meeting as presented. Motion seconded by Johnson.

YEAS: Unanimous. Motion carried.

LBRA Financial Statements – Period Ending December 31, 2018

Smith provided an overview of the LBRA Financial Statements for the period ending YE December 31, 2018. She noted that they are currently working the City’s finance department on the process of obtaining financial information from the City of Lansing.
Mayor Schor requested that Smith provide an email to Samantha Harkins for follow-up. Discussion ensued.

**MOTION:** Ragan moved to receive the LBRA Financials, period ending YE December 31, 2018, as presented and place on file. Motion seconded by Butler.

**YEAS:** Unanimous. Motion carried.

**Approval for Brownfield Plan #72 – Red Cedar Development Project (Action)**

Dorshimer provided an update on Brownfield Plan #72 – Red Cedar Development, advising that the LBRA Board of Directors are being presented a Resolution for the approval of Brownfield Plan #72 – Red Cedar Development project. Dorshimer introduced Christopher Stralkowski, Ferguson Development LCC, and introduced his team (Eric Helzer, Advanced Redevelopment Solutions, and Jason Hockstok, Continental Real-Estate Companies). The following point of interests were noted during the presentation:

- Overview and history of the Red Cedar Development project and its many partners
- Overview of the property location (site overview)
- This is a mixed-use project (commercial and residential)
- Overview of the property existing conditions – floodway and floodplain with 25 acres of open space/parkland
- Construction projected to begin in August – September 2019
- Project will create almost 400 immediate full-time jobs (1,065 induced jobs)
- Hotel is proposed to have upwards of 280 rooms (full service and extended stay)
- Student Housing is projected to have upwards of 1,100 beds, 150 market rate units, 120 senior village facility
- Discussion ensued over community engagement over the past five-years, which included three Charrettes
- Overview of City Financial Protection Measures
- Overview of the floodplain and integrated parking structure
- Overview of Estimated Gain in Taxes and public benefits
- Overview of Total New (Incremental) Taxes Captured Estimate
- Lefler provided an overview of the Debt Reserve Fund being setup
- Overview of Next-Steps for this large-scale project

**MOTION:** Coleman moved to approve the Resolution for Brownfield Plan #72 – Red Cedar Development Project, as presented. Motion seconded by Butler.

**YEAS:** Unanimous. Motion carried.

**Open Forum for LBRA Board Members**

Chair Jones opened the floor to LBRA Board Members who provided the following announcements/updates:
None were provided.

**Other Business**

No other business was presented.

**Public Comment**

None was provided.

**Adjournment**

There being no further business, Chair Jones declared the LBRA meeting adjourned at 9:54 a.m.

[Signature]

Karl Dorshimer, Director of Economic Development
Lansing Economic Area Partnership (LEAP)
Proposed LBRA Brownfield Plan Policy

All brownfield plans submitted to the LBRA for approval shall have:

1) A minimum of 10% of new taxes flowing through to all taxing units.
2) A minimum of 5% of captured local taxes going to LBRA Brownfield Administration.
3) A minimum of 5% of captured local taxes going to LBRA Local Brownfield Revolving Fund.
4) A maximum of 3% simple interest on Developer Eligible Activities. Under extraordinary circumstances the LBRA Board may consider up to 5% simple interest however such requests must be preapproved by the LBRA prior to the Developer’s initial draft plan submittal. Preapproval by the LBRA prior to initial plan submittal shall also be required if the Developer will be requesting part or all of the Eligible Activities be financed with the use of bonds.

   Note: Initial draft brownfield plans shall be submitted to LBRA staff four weeks prior to the date of expected approval by the LBRA Board.

5) A stated not to exceed amount for the reimbursement of Developer Eligible Activities with local taxes.
6) A stated not to exceed amount for the reimbursement of Developer Eligible Activities with state taxes (if state taxes are captured).

7) A ratio of total state (if captured) to total local captured taxes requested to reimburse the Developer that is at least equal to the ratio of all annual captured state to local taxes.
For example, if the annual brownfield capture is 20 mils state and 30 mils local, the ratio is 20/30 = .66

Thus, for this example, in the plan for every 1 dollar of local capture there should be at least 66 cents of state capture reimbursed to the Developer.

If the plan had $1,000,000 of local capture going to the Developer is should have at least $666,667 of state tax capture going to the Developer.

8) Language in the plan stating that if the state approves a 381 Workplan with less state tax capture than what was in the plan approved by the City, the not to exceed amount of local capture in the plan will automatically be adjusted by the LBRA to maintain the current state to local capture ratio.

Note 1: If the local tax capture amount is adjusted downward, the Developer may ask the LBRA and City to amend the plan to increase the local capture cap by an amount not to exceed the original local tax capture maximum.

Note 2: Developers may reserve the option to forgo state tax capture by indicating the possibility of this occurring in the original plan presented to the LBRA and City for approval. With this option the above policies still apply.
This Brownfield Redevelopment Grant Agreement (the “Agreement”) made by the Lansing Brownfield Redevelopment Authority (the “Authority”), a Michigan municipal authority formed pursuant to Michigan Public Act 381 of 1996, as amended (the “Act”), located at 1000 South Washington Avenue, Suite 201, Lansing, Michigan 48910; and 600 E. Michigan-Lansing, LLC, a Michigan limited liability company, with a business address of 330 Marshall Street, Suite 100, Lansing, Michigan 48912 (the “Developer”, and together with the Authority, the “Parties”).

RECITALS

WHEREAS, pursuant to the Act, the Authority has prepared a Brownfield Plan #75 to include the Property (as defined below) which was duly approved by the City Council on December 5, 2018 following a public hearing on November 19, 2018, a copy of which is attached as Exhibit A (the “Brownfield Plan”); and

WHEREAS, in connection with the Brownfield Plan, the Authority and the Developer entered into a Reimbursement Agreement dated 11/26/2018 (the “Reimbursement Agreement”), governing certain terms related to implementation of the Brownfield Plan, including the reimbursement of Eligible Activities (as defined below); and

WHEREAS, the Developer intends to develop the property in the City of Lansing which is described on the attached Exhibit B (the “Property”) and which, as defined by Part 201 of Michigan’s Natural Resources and Environmental Protection Act (P.A. 451 of 1994, as amended) and as included in the Brownfield Plan, is an “eligible property” and is therefore commonly referred to as a “brownfield”, and

WHEREAS, the Authority has applied for and received a $1,250,000 Michigan Department of Environmental Quality Brownfield Redevelopment Grant (the “Grant Funds”), as authorized by Part 196 of Michigan Public Act 451 of 1994 the Natural Resources and Environmental Protection Act (the “Part 196”) on the behalf of the Developer; and

WHEREAS, pursuant to Part 196, Grant Funds are to be used to undertake cleanup of brownfield sites by making low interest loans and grants to parties willing to undertake cleanup of these sites; and the Authority is responsible for the administration of the Grant Funds; and

WHEREAS, the Authority, intends to use the Grant Funds to reimburse the Developer for costs of completed Eligible Activities related to remediating environmental contamination in connection with the redevelopment of the Property, per the Brownfield Plan.
AGREEMENT

NOW THEREFORE, for good and valuable consideration including the mutual covenants of the Parties made herein, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties agree as follows:

1.0 Subject to and as provided by the terms and conditions of this Agreement and the Reimbursement Agreement, and subject to determination by the Authority that the Developer has sufficient funding and the redevelopment of the Property is otherwise likely to be completed and occupied, the Authority agrees to use the Grant Funds to reimburse the Developer for costs of completed Eligible Activities, as defined by Part 196, per the Brownfield Plan and the Reimbursement Agreement (the “Eligible Activities”), in an amount not to exceed the amount of the Grant. These Eligible Activities must be completed by September 30, 2021, per the Brownfield Plan and the Reimbursement Agreement.

2.0 The Developer accepts and agrees to the requirements and limitations stated in the terms and conditions of the Michigan Department of Environmental Quality Brownfield Redevelopment Grant Contract (Project# _____TBD_____) (“Grant Contract”), a copy of which is attached as Exhibit C, and which terms and conditions are incorporated herein by reference. The Developer agrees to comply with such terms and conditions to the extent they are under its control or influence, even though the Developer is not a party to the Grant Contract, and to fully cooperate with the Authority in the Authority’s efforts to comply with said terms and conditions.

3.0 The Developer agrees to indemnify and hold harmless the Authority for any and all losses incurred by the Authority related to the terms and conditions of the Grant Contract, which losses are caused by the acts or omissions of the Developer.

4.0 The Developer’s addresses are as follows:

Mail - 600 E. Michigan-Lansing, LLC
330 Marshall Street, Suite 100
Lansing, Michigan 48912

Attn: Patrick K. Gillespie, Member
Email - pgillespie@gillespie-group.com

(Signatures on the following page)
The Parties have executed this Agreement effective on the 13th day of Dec., 2018.

600 E. Michigan-Lansing, LLC, a Michigan Limited Liability Company

By: Patrick K. Gillespie
Its: Authorized Representative

STATE OF MICHIGAN

COUNTY OF Ingham

The foregoing instrument was acknowledged before me this 31 day of Oct., 2018, by Patrick K. Gillespie, Authorized Representative of 600 E. Michigan-Lansing, LLC, a Michigan Limited Liability Company.
The foregoing instrument was acknowledged before me this 13th day of December, 2018, by Karl R. Dorshimer, Representative of Lansing Economic Development Corporation.

Kris Klein
Notary Public
Ingham County, Michigan
My Commission Expires 01-11-2026
Acting in the County of Ingham

Lansing Brownfield Redevelopment Authority

By: Karl R. Dorshimer
Its: Representative

STATE OF MICHIGAN )
COUNTY OF Ingham )

Kris Klein
Notary Public, State of Michigan
Ingham County, Michigan
My Commission Expires 01-11-2026
Acting in the County of Ingham

My Commission Expires: 01/11/2026
EXHIBIT A
BROWNFIELD PLAN
EXECUTIVE SUMMARY
FOR THE
LANSING BROWNFIELD REDEVELOPMENT AUTHORITY
BOARD OF DIRECTORS

Collateral Assignment of Tax Increment Revenues
600 E. Michigan-Lansing, LLC

- **Reimbursement Agreement:** The Authority previously entered into a Brownfield Reimbursement Agreement with 600 E. Michigan-Lansing, LLC, which is the Developer of that property. The Brownfield Reimbursement Agreement obligates the Authority to reimburse the Developer for certain Eligible Costs from Tax Increment Revenue that the Authority captures with respect to the project.

- **Collateral Assignment:** The project’s construction lender, The Huntington National Bank, has requested that the Developer collaterally assign to the Bank the Developer’s rights to reimbursement of its Eligible Costs from Tax Increment Revenues and the Developer’s other rights under the Reimbursement Agreement, as security for the construction financing. This request is customary.

- **Consent to Collateral Assignment:** The Developer has requested that the Authority consent to the collateral assignment, as required by Section 6 of the Reimbursement Agreement. The attached letter provides for that consent, authorizes the Bank to complete the project should the Developer fail to do so, and authorizes the Bank to submit Eligible Costs for reimbursement. The attached letter confirms that it does not alter the nature or scope of the project or the Authority’s rights and obligations under the Reimbursement Agreement.

- **Reservation of Future Consent:** A goal of the Authority is to ensure that the project is completed timely and properly, which the Authority has entrusted to the Developer. Management is comfortable with allowing the Bank to complete the project should the Developer fail to do so, which management believes furthers that goal. However, management recommends against the Authority consenting in advance to the Developer or the Bank further assigning the Reimbursement Agreement or Tax Increment Revenues to another developer. Accordingly, the attached letter confirms that the Authority’s consent is required for such a further assignment or to authorize any other third party to complete the project or perform Eligible Activities.

- **Recommendation:** Management recommends that the Board of Directors approve the Authority’s execution and delivery of the attached consent.
Lansing Brownfield Redevelopment Authority  
1000 South Washington Avenue  
Suite 201  
Lansing, MI 48910

Re: Reimbursement Agreement (the "Reimbursement Agreement") between the Lansing Brownfield Redevelopment Authority (the "Authority") and 600 E. Michigan-Lansing, LLC, a Michigan limited liability company (the "Developer"), dated November 26, 2018, regarding the "Improvements" to be developed by the Developer in the City of Lansing, Michigan and described therein

Collateral Assignment of Rights (TIF Reimbursement Agreement) (the "Collateral Assignment") to be executed by the Developer in favor of The Huntington National Bank (the "Bank")

Ladies and Gentlemen:

In consideration for the Bank providing construction financing to the Developer for the Improvements, the Developer will by execution of the Collateral Assignment collaterally assign to the Bank, and grant the Bank a security interest in (among other things), the Developer's rights to reimbursement of its Eligible Costs from Tax Increment Revenues upon the Developer's compliance with and subject to the terms and conditions of the Reimbursement Agreement. Said collateral assignment and grant is permitted under Section 6 of the Reimbursement Agreement with the Authority's written approval. In connection therewith, the Bank requests that the Authority consent to the Collateral Assignment, and that it further agree that:

(a) in the event of the Developer's default (beyond any applicable grace period or notice and cure period) under the Bank loan documents (a "Development Loan Default"), it will permit the Bank to complete the performance of any remaining Developer obligations under the Reimbursement Agreement, submit Eligible Costs (in accordance with the Reimbursement Agreement and the policies and procedures of the Authority) to the Authority, and otherwise to satisfy any remaining conditions precedent to the Authority's reimbursement from Tax Increment Revenues of Eligible Costs, all without altering the nature/scope of the Improvements as described in or the rights and obligations of the Authority under the Reimbursement Agreement; provided that the Authority's further written consent (which shall not be unreasonably conditioned or withheld) is required if any person other than the Developer or the Bank will, after the Development Loan Default, complete the Improvements or perform any Eligible Activities; and

(b) upon the Developer's receipt of written notice of a Development Loan Default, it will: (i) acknowledge the right of the Bank to receive any and all reimbursement payments provided for in the Reimbursement Agreement if and as they become due and payable according
to the terms thereof, and (ii) at the Bank's request, remit directly to the Bank (at the address set forth below or according to such other remittance instructions as may be provided by the Bank to the Authority) any and all payments which the Authority is obligated to make to the Developer from time to time, as and when required under the Reimbursement Agreement.

The Authority's consent to the Collateral Assignment, and its agreement to be bound by the terms of this letter (including paragraphs (a) and (b) above): (i) shall be evidenced by its countersignature below, and (2) for avoidance of doubt, do not in any way modify the Authority's rights or obligations under the Reimbursement Agreement, including the requirement that the Authority consent to any further assignment, to a party other than the Bank, under Section 6 of the Reimbursement Agreement (which consent the Authority agrees shall not be unreasonably conditioned or withheld).

Capitalized terms not otherwise defined in this letter have the meanings ascribed to them in the Reimbursement Agreement. This letter may be executed by the parties hereto in counterparts. This letter shall be governed by the substantive laws of the state of Michigan.

Address for the Bank: THE HUNTINGTON NATIONAL BANK

40 Pearl Street NW, Suite 700
Grand Rapids, MI 49503
Attn: Mr. William McGee

By: ____________________________
Its: ____________________________

Acknowledged and Agreed:

600 E. MICHIGAN-LANSING, LLC
By: Gillespie Group Manager, Inc.
Its: Manager

By ____________________________
Patrick K. Gillespie
President

LANSING BROWNFIELD REDEVELOPMENT AUTHORITY

By: ____________________________
Its: ____________________________