

**ECONOMIC DEVELOPMENT CORPORATION/  
BROWNFIELD REDEVELOPMENT AUTHORITY  
MEETING MINUTES  
FEBRUARY 5, 2004**

**I. CALL TO ORDER**

The meeting was called to order at 5:06 p.m.

**II. ROLL CALL**

**Present:** D. Davis, B. Furman, M. Gibb, M. Greff, R. Smith  
W. Hamilton, Legal Counsel

**Absent:** J. Lusk (excused) W. French (excused) G. Kildau (excused)

**III. APPROVAL OF MINUTES – OCTOBER 2, 2003**

B. Furman moved to approve the minutes of October 2, 2003 (Support: M. Greff) and the motion carried unanimously.

**IV. OLD BUSINESS**

A. 206 N. Grove Street

Lenart stated that in April of 2003, the EDC issued an RFP. Three responses were submitted, with the selected one being from 206 N. Grove LLC, Mike Dunn, a local contractor, and entered into a purchase agreement. His offer was for \$40,000 cash. He intended to build a metal construction office/storage building approximately 40 x 60 ft, however, he has encountered a couple of problems at this point. We identified an un-extinguished title interest which has since been resolved, some environmental work has been started but not completed and basically since business is quite slow, he does not feel he can meet the two year timeline for the scope of the project. He is requesting to amend his original offer to build a smaller storage building, 24 x 24 ft for the same purchase and possibly add on in the future. The implication of this would be, according to figures completed by the City Assessor, it would result in approximately \$700 less taxes to the City. Lenart offered three alternatives:

- 1) terminate the agreement and re-market
- 2) approach one of the other original offers

3) amend and accept a reduced project scope and proceed

Lenart stated that it would be his recommendation to go ahead and accept the reduced scope. Mr. Dunn is a community member and the revised scope does provide some revenue to the city by putting it on the tax roll. It is an appropriate use for that site given the proximity to the neighborhood and would be low intensity.

Commissioner Furman asked if they intend to add on in the future and Lenart responded that this has not been ruled out, however, he does not want to commit to a time frame to do that. They will have to go before the Historic Commission for their approval.

Commissioner Greff moved to accept the initial proposal amended as stated (Support: B. Furman) and the motion carried unanimously.

Walter Hamilton will update the original sales agreement.

B. Huron Trade Center

Lenart stated that the purchase agreement took longer than anticipated but it is now completed and has been signed by Chairperson Davis. The next step is to have the city sign and arrange for closing. We will probably be financing this with an installment purchase contract. Staff has received a request from one tenant to expand the scope of their use but he will leave that decision to the city since it will be the owner of the property.

C. 972 Watling

Lenart gave an update on this property. We had an agreement with New Alternatives which did not work out. The most recent attempt to sell it to Northern Michigan Foundation did not work out and it has been deeded back to us. Also, Lenart just learned that they have not paid taxes on the property and it was about to go into foreclosure again, therefore, he took the liberty of making the \$300.00 tax payment to prohibit this. Staff has had discussions with the Gateway Association and he is recommending that we consider giving them the property via quit claim deed to develop new housing on the parcel. Ms. Gibb agreed that this step makes sense since they have a lot going on in that area regarding housing development. Chairman Davis agreed if they have a viable solution to bring it before the board. Lenart suggested having them come before the board at the March meeting for a presentation.

#### D. Water Street Project

Lenart stated that most of the demolition is complete and they are now in the stage of doing environmental remediation. The work is going quickly but they have requested an extension of the time frame for two weeks. They anticipate that this work will be completed in the spring of 2004.

The City has made great strides in land acquisition. Last week the court hearing was held on public necessity and at the conclusion of this, the judge requested a finding of fact and briefs and he would make a decision a week to ten days after submission. However, we have reached settlement agreements with all the property owners who were challenging public necessity. The only property that we do not have a settlement agreement with is the former State Police Post although that property owner is not challenging public necessity. This is strictly a compensation claim. Mr. Davis asked how many properties we had gone to condemnation with and Lenart responded that we had gone to condemnation with 15 properties and of those, we have settled 14 with one outstanding.

#### E. State Tax Increment

Lenart gave an update on the audit adding that one of the functions on the delay of closing the Huron Trade Center is because we have made more payments. The true sale will be for a higher price than the actual land contract balance is on that date.

#### F. Goal Setting

ICARD has been busy working on another EPA project but Lenart has indicated to them that we are still interested in doing a Goal Setting and would prefer to wait until we have a full board. Chairman Davis stated that he had spoken to the Mayor about the need to add members.

### **V. NEW BUSINESS**

#### A. Leforge Station Residential Project

Two documents were passed out to Board Members by Lenart who stated that one is the Brownfield Plan that has been submitted for this project and the other is a Staff Report put together by him based on his review of the document. He has communicated to Atwell Hicks some of the initial information that we need, i.e. demonstration of their financial numbers as to why they need this financial incentive to make this project a reality.

This information is required by statute. He suggested that the board members spend some time going over the Plan and Staff Report and in the meantime, Lenart will continue to communicate with the applicant to get the initial information as well as keeping the board informed on staff's recommendation of approval/denial or any modifications to the plan. Some of the recommendations we may consider is 1) limiting what activities would be eligible for TIF capture, 2) allowing all activities but capping the amount of dollars we allocate for TIF capture or 3) limit the number of years for TIF capture.

The plan would come to the board first for a recommendation and then on to City Council for their consideration.

#### B. Bosal, Inc.

Another potential Brownfield Plan that will be coming before the board is for Bosal, Inc. who has offered to purchase the City Landfill property on I-94 and S. Huron Street. Staff met with representatives of Bosal, Inc. recently and we are still trying to negotiate a purchase agreement that will ultimately be brought before City Council. In the meantime, we are entering into an Access Agreement to allow them to do whatever engineering and environment studies instead of waiting for the purchase agreement. Lenart hopes to have a copy of this Access Agreement within the next couple of days and then concurrently they can start their investigation while we finish and present a purchase agreement to City Council.

Smith asked if any comments had been made by residents in the area and Ms. Gibb responded that there is a newly formed neighborhood association and we have updating a representative of that group as we have moved through the process. They will also be notified when we go through the Site Plan process. Basically, the landfill site will just be parking and the plant will be built closer to the waterway where the existing parking lot is.

#### C. Purchase Agreement with the Railroad

Ms. Gibb stated that we have a purchase agreement with the railroad. We had done an appraisal that was higher than their threshold so they had another appraisal done. Their appraisal was \$115,000 for the right-of-way. We also have a tentative agreement with Visteon to remove the railroad, however, we have a commitment if one is required in the future, we will build it.

D. Economic Club

Commissioner Furman moved to approve the purchase of three tickets (Support: R. Smith) and the motion carried unanimously.

E. Audit Findings

Plante & Moran, the financial auditors hired by the City to audit financial records for the 2002-2003 fiscal year have identified two findings relating to the Brownfield Redevelopment Authority records:

- Authority transactions were not recorded on the general ledger throughout the year
- An accurate balance sheet was not being maintained by the Authority throughout the year

Both of these findings relate to the Authority's contract with Swisher Commercial to manage the Huron Trade Center which means they have taken the rent revenues and made expenditures. As part of that agreement, the appeal of it was that staff does not have to deal with all processing of invoices, etc. We had previously been getting monthly statements but they maintain the account. The auditors state that is not acceptable and in fact, we have to post all expenditures and revenues on a monthly basis in our ledger. We have taken steps to correct the situation.

F. Depot Town Association

Depot Town Board has requested to come before the EDC requesting funds to support streetscape improvements in Depot Town. They make money on their event and have to give some of it to the community and are looking for other agencies to also give money to the community. It was agreed to have their representative come before the board at the March meeting to discuss this further.

G. Next Meeting

Next meeting is scheduled for March 4, 2004.

**VI. ADJOURN**

Since there was no further business, Commissioner Greff moved to adjourn the meeting (Support: M. Gibb) and the motion carried unanimously. The meeting adjourned at 6:15 p.m.