

**CITY OF AUBURN HILLS
BROWNFIELD REDEVELOPMENT AUTHORITY**

November 6, 2000

CALL TO ORDER: Pro-Tem Chairman Douglas called the meeting to order at 6:10 p.m.

ROLL CALL: Present. Capen (arrived at 6:22 p.m.), Douglas, McDonald, Vettel
Absent. Love.
Also Present. Assistant City Manager Greve
3 Guests

LOCATION: Civic Center, 1827 N. Squirrel Road, Auburn Hills MI 48326

PERSONS WISHING TO BE HEARD - None.

APPROVAL OF PREVIOUS MINUTES:

Ms. Vettel moved to accept the minutes of October 16, 2000 as submitted.
Supported by Mr. Douglas.

VOTE: Yes: Douglas, McDonald, Vettel.
No: None.

Motion carried (3-0)

PETITIONERS

Presentation of Proposed Project - Lamppost, L.L.C.

Mr. Greve introduced Pat Raye and stated Mr. Raye had originally presented his project one and a half to two years ago. Mr. Greve announced Mr. Raye was present to give a presentation to refresh the Authority on his project since it had been a while since this project was before the Authority.

Mr. Pat Raye, Lamppost, L.L.C., stated when he first had an option for this site the only entrance was on Churchill, since then he has sought to extend Rex Boulevard and the entrance would now be off Rex Boulevard. Mr. Raye plans to have high end industrial clientele now that his rezoning was approved to T & R and Light Industrial. The buildings will total 550,000 square feet and the project will employ over 280 people.

In answer to Mr. McDonald's question, Mr. Raye reported a section in the northeast corner that borders the mobile home park has a severe grade and will be used as a retention pond or an open space area, and plans to have a buffer on this same area for the residents of the mobile home park. When questioned if this area would be a green belt area, Mr. Greve stated that the greenbelt would be an issue on the site plan and would be presented at the time of site plan submittal.

Report and Recommendation on Brownfield Plan - Lamppost, L.L.C.

Mr. Greve reported the City had been awarded a one million dollar grant to assist in the clean up process of this site. Mr. Greve stated the grant would be between the City and MDEQ and the Brownfield Authority will provide oversight and management for this grant.

Mr. Greve presented the grant agreement to the Authority and requested they look this over and report back any concerns so he may present this contract along with any concerns at the November 20th City Council meeting for final approval.

Mr. Greve summarized the items that would be involved in Phase I of the grant project, as being additional environmental investigation to clearly establish the condition of the site, analyzing the results of the investigation, and a plan to address the contaminants on the site and due care procedures in order to ensure any contaminants on site will not cause any unsafe conditions while undertaking this project.

Mr. Greve suggested the City perform the work on Phase I of the grant project since the grant award is being made to the City and since this will be the critical part of seeing what is actually needed to make this site safe and the costs that will be involved in doing so. Mr. Greve recommended the Authority enter into an agreement with its consultant, Peerless Environmental, to complete the phase one grant work. Mr. Greve also stated the work plan including a cost breakdown will be submitted to MDEQ for approval in advance of the work being completed.

Mr. Greve went over the financial summary as follows:

Current Conditions

Current Unabated Taxable Value: \$72,830.00
Current Unabated Annual Tax Revenue \$3,130.00

Anticipated Outcome

Projected Unabated Taxable Value: \$38,500,000.00
Projected Annual Tax Revenue: \$1,655,000.00

Authority's Role

Investment By Authority: \$3,670,000.00

Other Benefits

Creation of Revolving Fund: \$4,850,000.00
Job Creation: 280 full time jobs

Mr. Greve presented the project outline regarding activities to be done by Lamppost as the initial investigation and any non grant site remediation and due care activity to be funded by tax increments of \$300,000.00 and \$3.7 million respectively, and Phase II grant implementation of site remediation plan to be funded by grant at an estimated cost of \$800,000.00. The authority would be responsible for Phase I grant environmental investigation, due care plan, and site remediation plan all funded by grant, with the latter plan being estimated at \$200,000.00. Other costs to be paid by tax increments would be recapture of grant funds estimated at \$1 million, revolving fund capture estimated at \$3.85 million, administrative expenses estimated at \$250,000.00, and Brownfield plan preparation costs estimated at \$25,000.00.

The types of work involved above would be soil and ground samplings, preparation of plans, improvements, clean up not being funded by grant, remedial site work, construction, capping and baseline reports for BEA for future tenants. Mr. Greve stated Lamppost, LLC has already completed \$300,000.00 worth of site work to date, with the intent that tax increment funds will be used to refund the costs already incurred in accordance with the agreement put forth before the new laws were enacted. Going forward from this point, grant money will be used first then tax increment funds.

Mr. Greve reported the estimated cost would be approximately \$5 million and after five years of capture the estimated figure would be \$4.8 million dollars to the revolving fund. Mr. Greve reminded the Authority the administrative expenses would be taken first then what is left will pay Developer.

Mr. Greve stated Lamppost, LLC has done initial analysis (See Exhibit A), then applied for DEQ grant. DEQ wanted to know more about site so they have approved the grant for \$1 million with the two phase concept. DEQ will pay for further investigations, remediation plan and due care plan to see what needs to be done estimated at \$200,000.00. The spending of the second half of grant will be allowed after DEQ is satisfied it is needed.

Assistant City Manager Greve stated that the City is responsible for the grant, so he would like the Authority to maintain control of Phase I and contract Peerless Environmental to do the work, making the City the conduit between DEQ and Peerless. After the initial work is done Peerless will come back with more details on the site conditions and better estimates for the clean up costs. Mr. Greve is requesting the Authority to approve a plan now because of the cap placed on recapture of prior work.

Chairman Capen stated under the new version of legislature Act 381, recapture for prior work could not be paid for except if it had been done by the City. Mr. Greve confirmed this statement.

Mr. Greve said originally when this project came before the Authority almost two years ago we agreed to have Mr. Raye go ahead with the site investigation and agreed that we would add the project to the brownfield plan and support him for the grant. Mr. Greve advised the Authority an approval and recommendation for the plan, the development agreement, and a contract with Peerless Engineering would be the best way to continue forward with the project and grant in order to be able to pay for remedial work.

Chairman Capen asked Mr. Raye, should DEQ contest the payments to the developer for prior work would he be able to continue with the project. Mr. Raye stated that he has too much into the project to not go forward but with \$300,000.00 invested it would definitely hurt him financially not to be paid for prior work.

Mr. Greve stated Peerless has estimated the cost of site investigation, remedial plan, and due care plan to be \$192,000.00. During phase one of the grant work city staff would be overseeing the work and forwarding necessary reports and updates to the Authority. In answer to Mr. Douglas' question, Mr. Greve stated any cost over runs would come back to the Authority and MDEQ for prior approval. Mr. Greve stated this is why he finds it important to have the City perform and control Phase I of the grant work so the City will control what costs are involved.

Mr. Greve estimated the total project tax capture to equal \$9 million altogether. Mr. Greve estimated the total revolving funds, if all projects approved so far comes to be, at nearly \$6.2 million over next 16 years, although it will come in gradually. This sizeable revolving fund could be used to help with clean up of the Fons site in the northeast corner of the City, since it would be a great benefit to the City to have that property redeveloped.

Mr. McDonald questioned if Lamppost L.L.C. is a more intensive plan than originally presented, now it may be a lot more than just construction materials involved. In answer Mr. Greve stated that the Atwell-Hick's report is an estimate and worst case scenario for the site conditions and that is why MDEQ wants to learn more about the first 20' of the soil. In answer to Mr. McDonald's second question, Mr. Greve stated that there are no leachate systems existing on this property.

Mr. Greve asked on behalf of Mr. Raye to have the interest rate reconsidered since at the time of original presentation the prime rate was 8% and now the prime rate is 9.5%, Mr. Raye would like that amendment to be approved and wording replaced on page 4, item 3, line 5. The Authority voiced no objections to this amendment.

Mr. Greve stated various real estate agents have estimated high demand for this large type of property. Mr. Raye stated that he has two commitments waiting.

Mr. Greve reported they are not proposing any school tax capture on this project because of the time frame and DEQ being very particular now regarding school tax capture.

Report and Recommendation on Development Agreement - Lampost L.L.C.

Mr. Greve stated language was added to page 2, paragraph 1 & 2, where the grant is involved, Exhibit C and Exhibit C2 work to be done.

Discussion ensued on the terms of the agreement regarding the project not going through and rights of the developer to back out or sell property. Mr. Greve stated a surety bond will be in place if this should occur. The surety bond is in place until written assurance from DEQ is received stating the grant funds will not have to be paid back if the project does not proceed. The City can release the bond.

In answer to Mr. Raye's question, Mr. Greve answered the grant and the terms and conditions of the agreements run with the property.

Mr. Greve answered Mr. Douglas by stating the time limit and lengths on authorized expenditures are estimates, and the time starts when City Council approves the plan, then you have up to 30 years to complete the project and recapture funds.

Ms. Vettel stated the time limit on spending the grant is 24 months beginning on the effective date. Mr. Greve noted it could probably be extended for good reason.

Mr. Raye stated he could find no reason why he would back out, but Mr. Greve stated unforeseen occurrences regarding the project could occur and this is just a safety option put in place for the developer.

Chairman Capen inquired if there should be language to include recapturing Brownfield Redevelopment Authority funds in item #6 otherwise we may not be reimbursed. Mr. Greve agreed that language "and for the Authority eligible expenses and administrative expenses" should be added to item #6.

Mr. Douglas moved to accept the Lamppost L.L.C. Brownfield Plan with amendments and recommend approval to City Council of this project at the December 7, 2000 City Council meeting.

Supported by Ms. Vettel.

VOTE: Yes: Capen, Douglas, McDonald, Vettel.
No: None.

Motion carried (4-0)

Ms. Vettel moved to accept the Lamppost L.L.C. Development Agreement with amendments after City Attorney reviews for correctness of language and recommend approval to City Council of this project at the December 5, 2000 City Council meeting.

Supported by Mr. McDonald.

VOTE: Yes: Capen, Douglas, McDonald, Vettel.
No: None.

Motion carried (4-0)

Ms. Vettel moved to authorize the Executive Director to enter into an agreement on behalf of the Brownfield Redevelopment Authority with Peerless Environmental for the purpose of a contract to perform the Phase I grant work, being submittal of qualifications to MDEQ and work plan for the Lamppost L.L.C. site work, subject to the City Council approval of the Lamppost L.L.C. Brownfield Plan.

Supported by Mr. Douglas.

VOTE: Yes: Capen, Douglas, McDonald, Vettel.
No: None.

Motion carried (4-0)

Presentation of Proposed Project - Columbus Steel Drum - Collier Road

Mr. Greve stated Mr. Raye through negotiations and diligence had brought forth a pending settlement of long standing MDEQ lawsuit against previous owners of the Collier Road site. The previous owners will clean up a good deal of the site under the terms of the settlement. Mr. Raye through remedial action will then make the site useable using capping with an impervious layer.

Mr. Greve told the Authority in order to be an eligible cost the Authority must prepare the brownfield plan. This being the case Mr. Raye has asked that he be allowed to contract the Authority to prepare his brownfield plan for this property. Mr. Raye will pay the Authority to prepare the plan and then the Authority can reimburse Mr. Raye through captured taxes as an eligible expense. The Authority will contract their consultant, Peerless Environmental to prepare the plan. The estimated cost for preparing the plan is \$7,500.00 maximum. Mr. Raye will pay this up front by putting the funds in escrow.

Mr. Raye stated the site is 15.5 acres and would be used for heavy industrial. The former owners plan to move the contaminants to the back 3 acres and encapsulate that portion of the site. Mr. Raye will then encapsulate the remainder of the site in order to make it suitable for his intended use.

Mr. Douglas moved to authorize the Executive Director to enter into a contract on behalf of the Brownfield Redevelopment Authority with 415 Collier L.L.C to prepare the Brownfield Plan for the Collier Road site. Supported by Ms. Vettel.

VOTE: Yes: Capen, Douglas, McDonald, Vettel.
No: None.

Motion carried (4-0)

Update on Manabal Auburn Hills IV Project

Mr. Greve referred to his revised financial summary regarding tax capture. Mr. Greve stated that the revolving fund is less because the timing of the completion of project is one year sooner, leaving one year less of tax capture.

Ms. Vettel moved to ratify approval of the plan as amended. Supported by Mr. McDonald.

VOTE: Yes: Capen, Douglas, McDonald, Vettel.
No: None.

Motion carried (4-0)

OTHER BUSINESS

Mr. Greve referred to the copy of the grant draft agreement received this evening and reiterated his request to the Authority to find the time to look this over and make any comments to him prior to November 20, 2000 as it will be going before City Council on that date.

Discussion ensued on potential brownfield sites still unattended in Auburn Hills and where the grant funding for the Lamppost project originated. Mr. Greve stated all but two larger sites have been attended to although there are speculative plans on these sites. Mr. Greve reported the funding for the Lamppost site was through MDEQ and originated from the Clean Michigan Fund enacted 2 years prior as a bond issue to provide communities grants to clean up the water and contaminated sites within their jurisdiction. Mr. Greve believes Michigan to be a model state for this Brownfield Redevelopment program that will be used in other states in the future.

In answer to Mr. Douglas, Mr. Greve offered to hold a refresher course on Brownfields in-house and to relay information of seminars in Novi and Grand Rapids where he will be the presenter.

Assistant City Manager Pat Greve announced his resignation with the City as of November 22, 2000 to start his own business as a Brownfield Consultant. Mr. Greve stated that although he will miss public administration, he is looking forward to the excitement and challenge of his new role and his continuing to help build better communities, as this is a personal interest of his. Mr. Greve stated he will be available during the transition period to offer any help he can, he is planning to continue living in Auburn Hills and be an active part of the community and schools. The Authority bid him a fond farewell and wished him luck in his new endeavor.

ADJOURNMENT

Mr. Douglas moved to adjourn the meeting at 7:42 p.m. Supported by Ms. Vettel.

VOTE: Yes: Capen, Douglas, McDonald, Vettel.
No: None.

Motion carried (4-0)

Respectfully submitted,

Laurie M. Johnson
Grade 3, General Secretary
Department of Community Development

