

Brownfield Redevelopment Authority (BRA)
Minutes May 11, 2021
In-person & Zoom

1. Call to Order & Introductions

Chair McCoy called the meeting to order with the time being 1:38pm.

2. Roll Call

Members Present:	Dr. Rachael McCoy	Tim Ellis	Dan Dasho
	Jim Devaprasad	Kelley Bunker	Rob Landis
	Tom Veum		

Members Absent: Gary Sharp

Staff Present: Jeff Holt Tracey Laitinen

Others Present: City Commissioner Liaison, Shane Miller
Kali Brosco – City Assistant Treasurer/Accountant
Mac McClelland – Otwell Mawby
Kristin Collins – City Finance Director
Dave Boyle – City Engineer
Tyler Perron – City Engineering Dept.
Morrie Walworth – LSSU CFO

It was moved by Bunker, supported by McCoy to excuse those board members absent. Motion passed unanimously.

3. Changes or Additions to the Agenda-None at this time

4. Matters presented by the Public-None at this time

5. Ratify the previous month's action items of April 13, 2021

a. It was moved by Devaprasad, supported by Dasho to excuse those board members absent. The motion carried unanimously.

b. It was moved by Dasho, supported by Ellis to approve the meeting minutes from March 9, 2021. The motion carried unanimously.

c. It was moved by Dasho, supported by Bunker to accept the financial report as presented. The motion carried unanimously.

6. Approval of Minutes

It was moved by Ellis supported by Dasho to accept the April 13, 2021 meeting minutes. The motion carried unanimously.

7. Approval of Financial Report

Brosco reviewed the financial report ending March 31, 2021 for City Fund 243. Revenues are \$1,371 with \$11,959 in environmental expenditures. There is approximately \$18,000 remaining in the budget for this year and \$140,000 in the fund balance.

Moved by Devaprasad, supported by Landis to approve the financial report as presented. The motion carried unanimously.

8. Approval of City Commission approved budget FY 21-22 & 22-23

Laitinen explained that the recommendations from the Finance Committee were submitted and that so far \$20,000 was set aside in both fiscal years for environmental assessment reimbursement.

It was moved by Landis, supported by Ellis to accept the City Commission approved budget as presented. The motion carried unanimously

9. New Business

A. McClelland gave a project update on 411 W. Portage Ave:

Notice was received from Abbie Hanson, EGLE Brownfield Coordinator for the Upper Peninsula of an allocation of \$850,000 in EGLE Brownfield Grant funds for the MAC Building Redevelopment.

The Grant will fund environmental response activities, asbestos abatement, and selective demolition that represent a significant share of the Eligible Activities under the Brownfield Plan. As a result, the period for Brownfield TIF capture will be significantly shortened and increased property taxes will accrue to the taxing jurisdictions much more quickly than estimated in the Brownfield Plan.

In order to meet EGLE timelines, the attached draft Grant Application has been prepared and has been submitted to EGLE, along with the revised EGLE Grant Proposal to reflect the changes requested by EGLE. Confirmation of the submittal is requested by the SSMBRA.

Once the application has been accepted, a Grant Contract between EGLE and the SSMBRA will be executed. A Development and Reimbursement Agreement between the SSMBRA and McClelland Realty, LLC, will be brought to the SSMBRA for approval and subsequent execution. The Agreement essentially requires the Developer to meet all of the Grant Contract obligations and contract with qualified firms to conduct Grant Eligible Activities in order to receive Grant funds.

After the Grant Contract is executed, Work Plans are prepared and submitted to and approved by EGLE that detail the scope and estimated costs of the Eligible Activities before any expenses can be incurred.

RECOMMENDATION

Confirm the submittal of the EGLE Grant Application and execution of the subsequent EGLE Grant Contract for the MAC Building Redevelopment.

Collins inquired about the projections for tax capture and McClelland explained that the TIF projections of 50% are conservative and that the grant eliminates almost all of the tax capture requirement. McClelland will provide updated plan projections, repayment plan, and valuation after meeting with the City Assessor and Finance before the next meeting. The execution of the subsequent EGLE Grant Contract will be put on the June meeting agenda for review.

It was moved by Landis, supported by Ellis to confirm the submittal of the EGLE Grant Application as presented. The motion carried unanimously

B. McClelland gave a project update on Davitt Apartments/Project Birch:

Arbic Construction and partners is in the process of acquiring five lots of the Sault Ste. Marie Airport Industrial Park and are developing market rate apartments that will help meet the “missing middle” for housing. The project is anticipated to be developed over three phases, with the first and second phase on Lots 17, 18, and 19 with 5 buildings with 12 units each for a total of 60 units, and the third phase on Lots 21 and 22 with two buildings with 12 units each for a total of 24 units and a grand total of 84 units.

Brownfield Eligible Activities, including environmental due diligence and due care, lead and asbestos abatement, building and site demolition are necessary for the project to proceed.

The redevelopment of the vacant property will provide construction jobs, increase tax base, provide housing, and remove blight.

An initial request for consideration was submitted to the Michigan Economic Development Corporation for State tax capture for Non-Environmental Eligible Activities and the request was declined. As a result, all capture will be based on local taxes.

Because TIFA III has first rights to local tax capture, an Interlocal Agreement must be approved between the TIFA III Board and the SSMBRA to provide for Brownfield Authority tax capture and reimbursement. A Brownfield Plan will need to be approved by the SSMBRA and City Commission. ***This agreement was discussed at the TIFA III board meeting today (May 11, 2021) and received support to move forward with the concept.***

The project is being introduced to the SSMBRA after the TIFA III Board meeting and will be introduced at the May 17 City Commission meeting.

The following is a proposed schedule for consideration of the Brownfield Plan and Development Agreement:

Activity	Date	Purpose
TIFA III	Tuesday, May 11, 1:00 p.m.	Brownfield Project/Interlocal Agreement Introduction
SSMBRA	Tuesday, May 11, 1:30 p.m.	Brownfield Project/Interlocal Agreement Introduction
City Commission	Monday, May 17, 7:00 p.m.	Brownfield Project Introduction
TIFA III	Tuesday, June 8, 1:00 p.m.	Interlocal Agreement Approval
SSMBRA	Tuesday, June 8, 1:30 p.m.	Brownfield Plan/Interlocal Agreement Approval
Notices to Taxing Jurisdictions	Tuesday, June 8, 2:30 p.m.	Send Notices
City Commission	Monday, June 21, 7:00 p.m.	Public Hearing/Brownfield Plan Approval

RECOMMENDATION: Discussion and Information.

The project has development challenges that have created a gap between revenues and expenditures and threaten the project’s economic viability. The site was formerly used for airport purposes and a significant concrete pad and runway, as well as a concrete building and the existing 15th Street needs to be removed and the site restored. In addition, there is a water line that needs to be relocated and other site conditions that will require additional work to prepare for the redevelopment. Reimbursement of these extraordinary costs through Brownfield Tax Increment Financing (TIF) is a critical element in closing that gap.

Perron and Boyle inquired about the necessary infrastructure required for this project and who would be covering the costs associated. McClelland reported that he has met with the City Manager and they realize the challenges and will be setting up future meetings to discuss options moving forward.

It was moved by Ellis, supported by Bunker to support the Davitt Apartments Brownfield Project and look forward to further details. The motion carried unanimously.

10. Project Updates

A. CENTER FOR FRESHWATER RESEARCH AND EDUCATION (CFRE) EGLE BROWNFIELD GRANT AND LOAN

The following is a project update for the Michigan Department of Environment, Great Lakes and Energy (EGLE) Brownfield Grant and Loan to the Sault Ste. Marie Brownfield Redevelopment Authority for environmental response activities and site demolition for the Center for Freshwater Research and Education of Lake Superior State University.

- Site work has begun after frost law limits are lifted in April.
- Some sanitary lead and connections have been made. Soils were removed from these excavations that will require loading, transport and disposal under the EGLE Loan.
- The site work for the storm water retention basin and anticipated additional site demolition work will begin in May.
- The City awarded the contract for Salmon Run Way to Bacco Construction and work is expected to begin after underground utilities are installed beginning in Spring. There will be soils to be removed from the site and disposed at the landfill that will be covered by the EGLE Brownfield Loan.
- The Quarterly Report for Q2 FY 2021 was submitted on April 30, 2021. There is some necessary additional reconciliation, and an update will be provided next month.

Perron gave an update on the road construction noting a recent preconstruction meeting and estimated start date of June 14th with a completion at the end of August.

McClelland reported that the grant extension was approved and that the goal is to wrap up the project by September 30, 2021 to get the 10% retainage returned to LSSU.

B. Bambi/Family Dollar

Holt reported that the current owners are selling and want to transfer the remaining Brownfield credits to the purchaser, but ran into a snag with the State.

11. Review any submitted applications – none at this time

12. Other Matters

Landis inquired about the dumpsters at the Quality Inn. Holt reported that the owner is working to revitalize the end where the restaurant is located.

13. Next meeting is June 8, 2021 hybrid

14. Adjournment

It was moved by Ellis, supported by Landis to adjourn the meeting at 2:01p.m. The motion was carried unanimously.

A handwritten signature in black ink, appearing to read 'Tim Ellis', written over a horizontal line.

Tim Ellis, Secretary