

Minutes
Cascade Charter Township
Brownfield Redevelopment Authority Board
April 15, 2021
5:30 P.M.
Virtual Meeting

ARTICLE 1. Chairwoman Kleyla called the meeting to order at 5:38 P.M.
Members Present: Kathy DeVries, Michele Kleyla, Chris Noordyke, and Aaron Mead
Members Absent: Lesperance
Others Present: Director Sandra Korhorn, Cascade Township Manager Ben Swayze, Matthew Zimmerman, Attorney with Varnum, and Susan Wenzlick, consultant with Fishbeck

Clerk Slater swore in Members Kleyla, DeVries, Noordyke & Mead

ARTICLE 2. Approval of the Agenda

Motion was made by Member Mead to approve the current Agenda. Supported by Member DeVries. Motion carried 4 to 0.

ARTICLE 3. Approval of the Minutes of March 31, 2021

Motion was made by Member Noordyke to approve the Minutes of the March 31, 2021 meeting. Supported by Member DeVries. Motion carried 4 to 0.

**ARTICLE 4. Acknowledge visitors and those wishing to speak to agenda & non-agenda items.
(Comments are limited to five minutes per speaker)**

There were no visitors. Jennifer Genter, Manager of Assessment Services introduced herself to the board.

ARTICLE 5. Review and Consider the Amended By-Laws

Director Korhorn stated that the Township Board had financial questions and asked for clarification on some items in the by-laws at their March 24th Meeting; these items were sent to Matt Zimmerman to review. Mr. Zimmerman provided clarification and/or made changes to the by-laws as deemed appropriate. Once the Brownfield Redevelopment Authority adopts the amended by-laws, they will be placed on the next Township Board Agenda for approval by resolution.

Mr. Zimmerman reviewed the items in question by the Township Board with BRA Members.

Manager Swayze stated that on page 2 under the Authority Board, number 6 for Treasurer, the language should revert to say the Authority Board shall appoint an Authority Board Treasurer who shall keep the financial records. Manager Swayze states that at the last meeting Cascade Township Deputy Treasurer Oxana Sourine was appointed to that position.

Chairwoman Kleyla asked if this is an additional amendment to the by-laws.

Mr. Zimmerman stated that if it was already decided at the last meeting, it is a scrivener's error, and can be still be voted on.

Motion was made by Member Mead to approve the amended by-laws. Supported by Member Noordyke. Motion carried 4 to 0.

ARTICLE 6. Review Robinson Dental Grant/Loan Timeline

Ms. Susan Wenzlick stated that EGLE has a deadline of May 1st to apply for the grant/loan. Ms. Wenzlick stated that after the development agreement is done, a resolution would be needed from the Township Board to approve the application concept. The resolution would have the Township commit their full faith and credit. The development agreement will protect the Township in full faith and credit.

Ms. Wenzlick stated that while EGLE is reviewing the application, the BRA should review the Brownfield Plan, which is the mechanism used to collect the tax increment used to pay the loan back with. The developers consultant would write a (very specific) work plan after the brownfield plan is approved. The work plan would then go to the State for approval.

Ms. Wenzlick stated that after the brownfield plan is approved, local taxing jurisdictions need to be notified that a brownfield plan is being considered, and how it will impact them. This notification needs to be sent at least ten days before a public hearing. Ms. Wenzlick stated that the Township Board will the hold a public meeting so that the public may ask questions. The Township would then need to pass a resolution to approve the brownfield plan.

ARTICLE 7. Review and Consider the Robinson Dental Development Agreement

Director Korhorn states that this agreement includes a \$453,000 grant, and a \$313,000 loan to assist in the cleanup of this site.

Ms. Wenzlick stated that this agreement protects the Township with a letter of credit from the Robinsons bank that states the Robinsons will pay for any loan expenses incurred by the Township if for some reason this project doesn't happen.

The development agreement also states how the Robinsons get paid back for any expenses/costs they front, which include phase 1 & 2 investigations, environmental evaluations, legal documents, and excavation/transportation/disposal.

Ms. Wenzlick stated that when tax increment financing (TIF) is started, the Township will get paid back first, then the Robinsons will get paid back for their expenses incurred, and then the Local Brownfield Revolving Fund (LBRF) gets paid (if in the future the BRA decides to have one).

Ms. Wenzlick stated that under the agreement, the Authority has the obligation to capture the available TIF. Ms. Wenzlick stated that during the last meeting, Member Noordyke asked if varying the level of tax capture is possible. Ms. Wenzlick stated that it is an option, however you cannot capture a different percentage than what the State is capturing.

Member Noordyke asked if the tax rates will be developed later in the project, Ms. Wenzlick stated that the millage rate is set and cannot be changed, and the amount able to be captured/TIF'd will be laid out later in the brownfield plan.

Manager Swayze asked if a letter of credit will also be needed for the Robinsons in the amount of the grant, as there is already one in the amount of the loan. Ms. Wenzlick stated that the contract with EGLE states that the Township could be required to repay grant money if the project is not completed, however she has personally never seen that happen. Ms. Wenzlick stated that it is a possibility, however, to ask for an additional letter of credit to cover any grant money. Mr. Zimmerman agrees that the risk is low, however the intent behind the agreement is to relieve the Township of any financial responsibility.

Ms. Wenzlick expresses concern that the Robinsons may not be able to increase their letter of credit amount another \$400,000, and would not want that to hurt the deal.

Ms. Wenzlick states that a development agreement is not required to be part of the grant application, so it would be fine to table this agreement for now.

Member Noordyke asked who has been interfacing with the Robinsons, Ms. Wenzlick stated that she has been talking with their Environmental Consultant, and their Environmental consultant is the one talking with them.

Member Noordyke asked if this is tabled tonight, would it be possible to let the Robinsons know this is a concern and ask them to provide a proposal to better help the BRA make a decision.

Manager Swayze suggests that a performance bond or similar be secured in place of a second letter of credit.

Member Devries states that she likes the idea of a bond, or some type of insurance to guarantee performance. Ms. Wenzlick stated that there is environmental insurance available, which is typically used in the event of an unforeseen circumstance.

Member Mead asked Manager Swayze is this is being structured based on something the Michigan Township Association has structured in the past. Manager Swayze stated that he can check into that, but that Ms. Wenzlick and Mr. Zimmerman are good resources in terms of what other development agreements look like.

Manager Swayze asked (hypothetically) if the grant money was used to clean up the property but then the building is not actually built, will the State require the Township to repay the grant if Robinson Dental does not exist for some reason (bankruptcy, etc.). Mr. Zimmerman stated that it depends on how the grant is worded, and typically EGLE requires that eligible activities are completed; meaning remediation has taken place and tax generation can happen. Mr. Zimmerman states that would then make the property very marketable for interested parties.

Manager Swayze asked if loan repayment includes consultant fees, lawyer fees, etc. Ms. Wenzlick stated that yes, those would all be included, and that after a brownfield plan is approved, any cost associated can be included in that repayment.

Member Mead asked for clarification that Coco Properties, LLC will be the applicant (shell company/property owner), and Robinson Dental will be the tenant of the property. Mr. Zimmerman stated that is correct, and that even as it's a low risk, having a performance guarantee is not a bad idea.

Ms. Wenzlick offered to talk with the Robinsons Environmental Consultant to proceed.

Manager Swayze asked if the Authority would be comfortable with Director Korhorn, Ms. Wenzlick, Mr. Zimmerman, and himself resolving this issue to their satisfaction, and the Authority making a recommendation to the Township Board for consideration with this issue being solved sufficiently.

Motion was made by Member Mead to have the Township Board review and consider the Robinson Dental development agreement with Manager Swayze, Director Korhorn, Ms. Wenzlick, and Mr. Zimmerman resolving the issue of a possible performance guarantee. Supported by Member Noordyke. Motion carried 4 to 0.

ARTICLE 8. Review and Consider the Robinson Dental Grant/Loan Application

Ms. Wenzlick stated that the State requires the submittal of a proposal, and then invites you to apply. Ms. Wenzlick stated that the proposal in the current packet has already been approved by EGLE, and the application is complete. Ms. Wenzlick stated that the budget table in the grant and loan application does not include administrative costs, and other some expenses, so will be more. The TIF tied to the EGLE loan is \$313,000, \$58,000 for the Robinsons costs, and \$10,000 project overhead cost.

Ms. Wenzlick stated that in the application there is a budget line for a third-party oversight, and another one for administration. Third party oversight is required by EGLE when the developers consultant is doing the environmental work.

Motion was made by Member Mead to approve the Robinson Dental loan application going forward to the Township Board for a resolution supporting the loan application and committing the Townships full faith and credit. Supported by Member Noordyke. Motion carried 4 to 0.

ARTICLE 9. Review and Consider the Proposal for Consulting

Director Korhorn stated that last fall a proposal was signed with Fishbeck to help setup the Brownfield Redevelopment Authority, and the end of the scope of work in the original proposal has been met. Director Korhorn stated that the new proposal includes a not to exceed fee of \$7,500, and includes the tasks that would be over and above that fee.

Director Korhorn states that Staff is recommending approval of this proposal.

Member Mead asked if the \$7,500 includes an hourly rate, Ms. Wenzlick stated that yes, it does include an hourly rate.

Chairwoman Kleyla asks for clarification that this proposal is for the intro work and process of getting the grant and loan approved, and that later in the process there would be another proposal to cover additional fees. Ms. Wenzlick stated that is correct.

Motion was made by Member Mead to approve the consulting proposal. Supported by Member Noordyke. Motion carried 4 to 0.

ARTICLE 10. Any Other Business

a. Set Next Meeting Date – Thursday, May 6, 2021

Member Noordyke requested the meeting be virtual.

b. Brief Review of Next Meeting Agenda Items

Director Korhorn stated that she is planning on the following items being included in the next meeting:

The Brownfield Plan, whether or not to charge a fee(s) for the application, whether or not a Local Brownfield Revolving Fund should be created, and a virtual or in person meeting discussion.

Member Mead asked if Director Korhorn can find out if there is a standard application fee that other Brownfield Authorities are using. Ms. Wenzlick stated that she has put together a table of what other Brownfield Authorities charge, and she will share that with Director Korhorn to share with Members. Ms. Wenzlick stated that fees typically range from \$150-\$10,000.

c. Virtual or In-Person Meetings?

It was discussed and decided this would be evaluated and determined on a month-to-month basis.

ARTICLE 11. Adjournment

Motion made by Member Noordyke to adjourn the meeting. Supported by Member Mead. Motion carried 4 to 0. The meeting was adjourned at 6:40 P.M.

Respectfully Submitted,
Grace Lesperance, Secretary