



# DOWNTOWN DEVELOPMENT AUTHORITY

Quality Services for a Quality Community

## MEMBERS

William Mansfield, Chair  
Douglas Jester, Vice Chair  
Peter Dewan, Treasurer  
George Lahanas, Secretary  
Brad Ballein  
Lynsey Clayton  
Colin Cronin  
James Croom  
David Krause  
Eric Rosekrans  
Mayor Nathan Triplett

## Staff Liaison

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## MEETING MINUTES

**January 22, 2015 - 12:00 p.m.**  
Conference Room A, 2<sup>nd</sup> Floor  
410 Abbot Road

**Present:** William Mansfield, Brad Ballein, David Krause, Peter Dewan, Colin Cronin, Douglas Jester, George Lahanas, Lynsey Clayton, James Croom, Mayor Nathan Triplett

**Absent:** Eric Rosekrans

**Staff Members Present:** Lori Mullins, Heather Pope, Terri Soliday, Tim Dempsey, Darcy Schmitt

**Guests:** Thomas Eckhardt, Paul Furtaw, Paul Schmitz, Brian Hagan, Jerry Kaplan, Ralph Monsma, Eliot Singer, Christine Root, Jim Anderson

### 1) Call to Order

The meeting was called to order at 12:05 p.m. by Chair Mansfield.

#### A) Roll Call

At the taking of the roll, Rosekrans was absent.

#### B) Election of Officers

Ballein moved to re-elect the current slate of officers; Krause seconded the motion. Vote: All yeas. Motion carried unanimously.

#### C) Approval of Agenda

Jester moved to approve the Agenda as written; Clayton seconded the motion. Vote: All yeas, motion carried unanimously.

**2) Financial Reports**  
**A) Treasurer's Report for December 2014**

The Board accepted the Treasurer's Report.

**B) Discussion of Debt Refinancing – Finance Director Mary Haskell**

Finance Director Mary Haskell discussed the refinancing of the BAN's for the Evergreen properties. She indicated City Council approved the authorizing resolution and will proceed with the sale. The DDA resolutions will pledge TIF for these bonds, which were originally used for City Center II. She said in 2009 the DDA took out three-year bond anticipation notes to purchase the Evergreen properties, and they were renewed for another three years in 2012. Now the City has to take bonds out for the long term, and for flexibility and to assist with cash flows, they are structuring a multi-modal deal. She described the two different scenarios, and said the City still has bids out. They are looking for interest only for the first three to five years, and are only refinancing the principal of the bonds. Any proceeds from the sale of the property will be used to extinguish debt.

**3) Written Communications**  
**A) Communication from Ralph Monsma**  
**B) Communication from Steve Osborn**

**4) Communications from Staff**  
**A) Gateway Project Update – 300 W. Grand River**

Mullins said the project has been submitted and is a scaled down version of the previous plan in that it now does not extend to the east side of Delta. There will be 38 two-bedroom apartments with first floor retail. A Brownfield Plan was previously approved for this site, so a revised plan will be coming back.

**B) Bailey Community Center Update**

Mullins reported that City Council voted at its meeting on Tuesday to close Bailey Community Center. The City will organize meetings with community members. Ballein asked if there was an analysis of the cost for demolishing the building. Lahanas said the architect quoted \$200,000, which did not include the cost of asbestos removal.

**C) Draft Development Agreement for Park District Investment Group (PDIG)**

Mullins said the new plans for Building A were submitted yesterday. They do not include the hotel; the revised plans include an eight story building with retail on the first floor and apartments above, and the eighth story would be office space. She said the current Building B site plan is still in the site plan review process. These revisions impact the Brownfield Plan and Development Agreement. Mullins indicated since this will significantly impact the finances of the project, we will need updated financial information before the Board can take action. She said staff will have a draft by the end of the week to go over the magnitude of the changes.

Tom Eckhardt said the changes in the plan should not impact the Planning Commission since the revisions will not expand the scope; he indicated they should have revised numbers tomorrow. Krause noted that they are taking out the hotel—a significant part of the project. Eckhardt said Hotel Indigo

wanted to get through the process by November. He added that you are gaining office, losing some residential, and losing two floors. Krause asked if there will be any for-sale units. Eckhardt said they are working through this in the development agreement. Lahanas asked if they were looking at a substitute hotel; Eckhardt said they have looked into this, but no hotels have shown interest.

Mansfield said this will be forwarded to the Project & Infrastructure meeting next month.

## **5) Communications from Audience**

Eliot Singer, 137 University Drive, expressed concern over the total costs of the Park District Project.

Ralph Monsma, 1350 Red Leaf Lane, said now that the Development Agreement will be going through some changes, there is less need to look through those provisions. He expressed concern about the legal language in the agreement and about pedestrian and bicycle traffic. Monsma felt that the City should explain to the community how TIFs work.

Singer said East Lansing Citizens Concerned has done a workshop about TIFs and invited the DDA members to attend.

Mayor Triplett left at 12:48 p.m.

Jim Anderson, 968 Roxburgh, spoke about the discussion between the Mayor and Ruth Beier at the last Council meeting about the definition of a TIF and how it relates to the General Fund.

## **6) Business Agenda**

### **A) Keys in the City**

Mullins said at their November meeting Dudley Smith shared some information about the Keys in the City program, where pianos will be located downtown and are available for people to play. She said the DDA has since received a request from the Capital Area Blues Society requesting a \$500 donation. This program was supported by the Downtown Management Board; however, no funding has been allocated from the DMB. She said it is important that the pianos be adopted by businesses to make sure they are covered at night. There will be a license agreement stating that they are not City equipment, and that the City is not liable for them. Jester said he is inclined to express support and at the next DDA meeting review a placement and licensing agreement. Dewan said he would like to see a formal agreement or lease arrangement also. He expressed concern about damage to the pianos. Mullins said it would be helpful to know the total budget of the project before making a donation.

Jester moved to defer this item until their February meeting pending receipt of a licensing agreement and proceed with a letter of support; Dewan seconded the motion. Vote: All yeas. Motion carried unanimously.

### **B) 927 E. Grand River Avenue Site Plan and SUP**

Schmitt reviewed the staff report. She said this has been through the Planning Commission and will go to City Council on February 17 for consideration. Hagan is adding a third story to the two-story building; there will be two, three-bedroom apartment units on the third floor. The applicant will be updating their parking plan, adding a new roof, and making improvements to the exterior. The plan does not have enough parking spaces on site; they have a property close to this with two extra parking spaces,

which would meet our new Parking Code regulations for off-site parking, which were updated in 2013.

Jester noted the plan for this property would have been different had there been a comprehensive plan for this block. Schmitt explained the applicant had not been able to make an agreement with adjoining property owners. This plan will not prevent them from doing that in the future. Schmitt said there is a need for new development along Grand River Avenue, Abbot Road and Burcham. She said the current modifications to the Parking Code give developers a lot more options.

Brian Hagan said they made some changes to the plan, including the pitch of the roof, and changes to the exterior, making it look more commercial.

Schmitt said they are asking for a 25% reduction in the parking requirement for shared use; they have 14 on-site parking spaces and will be putting two parking spaces at 147 Gunson.

Ballein moved to recommend approval of the Site Plan and Special Use Permit application for 927 E. Grand River Avenue; Lynsey seconded the motion. Vote: All yeas. Motion carried unanimously.

### **C) 831 E. Grand River Avenue Site Plan and SUP**

Schmitt said this is the plan for a small two-story addition to the Evans Scholars building, which will allow them to have 16 additional scholars in the building. The plan currently meets the parking requirement. The deck on the west side of the building will be removed and sidewalk will be replaced, and they are adding additional parking for bicycles and proposing to put a patio off the southeast side of the building. This will increase their overall ground coverage, so they will have to request a variance from the Zoning Board of Appeals. She said the Planning Commission recommended approval of the application, and this will go to City Council on February 17. If the site plan is approved on the 17<sup>th</sup>, it will then go to the Zoning Board of Appeals.

Jester moved to recommend approval of the Site Plan and Special Use Permit; Krause seconded the motion. Vote: All yeas. Motion carried unanimously.

### **D) Resolution Pledging Tax Increment Revenues to Payment of Downtown Development Refunding Bonds Series 2015**

Mullins said Mary Haskell discussed this refinancing earlier in the meeting.

Krause moved approval of the Resolution pledging tax increment revenues for payment of downtown development refunding bonds series 2015; Jester seconded the motion. Vote: All yeas. Motion carried unanimously.

### **E) Resolution Continuing Pledge of DDA Revenues – Evergreen Properties**

Mullins said the debt associated with the Evergreen properties was previously discussed by Haskell. The decision over what lender to use has not yet been made; City Council has authorized Haskell to make that decision.

Jester moved approval of the Resolution Continuing Pledge of DDA Revenues – Evergreen Properties; Krause seconded the motion. Vote: All yeas. Motion carried unanimously.

## **F) Recommendation Regarding Ballot Language**

Mullins discussed the ballot language which City Council will be considering related to the sale of City-owned land. She said at this point there seems to be support for changing the City Charter language to make it more in line with what the State allows. The DDA has been impacted by unsuccessful attempts to sell the Evergreen properties; the last time that the sale of the properties were on the ballot, the votes did not meet the 60% threshold, even though a majority of the voters voted to sell the properties.

Jester said as a general rule he is not in favor of the super majority requirement; but if City Council chooses to go forward with this, he thinks there should be separate questions on the ballot concerning the sale of the two parking lots. Mullins said that has been discussed, and one of the most compelling reasons not to is that it adds confusion to the discussion. The goal is to have mixed-use development at that location.

Jester said he is concerned about the risk of changing the charter; if that fails, the DDA does not have the ability to move ahead on these properties.

Dewan asked if there is data to indicate if any communities are more restrictive than East Lansing. Mullins said the City Attorney and Assistant to the City Manager looked into this, and they could not find a similar city in the State of Michigan which was more restrictive.

Mullins said in order to have this on the May 4<sup>th</sup> ballot, it would have to be approved at the City Council meeting on February 3.

Lahanas said City Council is looking at four different ways to word this on the ballot; tomorrow he will have the language. Clayton said she would be in favor of any of them that would still require a super majority vote for the parks.

Lahanas noted the DDA has the ability to sell land. Mullins noted that the DDA's ability to have a larger project is impacted by Council's ability to sell the properties.

Lahanas stated this is not a special election; the State is asking for road millage; the City did not think there would be an opportunity for an election until next November.

Jester moved that the DDA recommend that City Council place a question on the May 5<sup>th</sup> ballot to amend the City Charter provisions with respect to selling real property other than parks or parkland to be more consistent with practices of other cities in the State of Michigan, and that we further recommend that Council place specific questions on the ballot authorizing the sale of each of City parking lots 4 and 15. Krause seconded the motion.

Clayton made a friendly motion to separate Jester's motion into three separate items. Jester agreed.

Vote on recommendation that City Council place a question on the May 5<sup>th</sup> ballot to amend the City Charter provisions with respect to selling real property other than City-owned parks: Vote: All yeas 9 to 0. Motion carried unanimously.

Vote on recommendation to put a question on the ballot to authorize the sale of Lot 4: Yeas: Mansfield, Jester, Dewan, Ballein, Croom, Krause, Clayton. Nays: Cronin and Lahanas. Motion carried 7 to 2.

Vote on recommendation to put a question on the ballot to authorize the sale of Lot 15: Yeas: Mansfield, Jester, Dewan, Ballein, Croom, Krause. Nays: Clayton, Lahanas and Cronin. Motion carried 6 to 3.

**G) Allocation of Funds for outside expert to evaluate PDIG Development Agreement**

Mullins requested that the DDA discuss this briefly and the scope of services that a consultant would evaluate, and possibly get volunteers to participate in the due diligence part of the review. Dempsey said we would like to come up with an initial dollar amount so we can get RFPs out and give consultants an initial scope of services to keep the process moving forward. He said we could modify the scope at any time. As discussed at the Project & Infrastructure Committee and City Council meetings, we intend to look at the legal review with outside counsel and have a financial consultant look at the economics. Dempsey suggested \$15,000 that would be allocated toward this expenditure, and staff would work on the proposed scope. The Board discussed whether or not we need outside counsel or if we should use the City Attorney's office.

Jester left at 1:56 p.m.

Mansfield said given the ramification of the hotel no longer being included in the plan, he did not feel comfortable authorizing funds at this point and recommended deferring this to another meeting and having the Executive & Finance Committee look at this.

Krause moved to defer this item; Clayton seconded the motion. Vote: All yeas. Motion carried unanimously.

Cronin left at 1:58 p.m.

**7) Old Business Agenda**

None.

**8) Committee Reports**

**A) Executive and Finance Committee**

**i. Synopsis of January 15, 2015 Meeting**

These items have already been discussed.

**B) Business and Market Development**

There was no meeting.

**C) Public Policy**

There was no meeting.

**D) Project and Infrastructure Development**

**i. Synopsis of January 15, 2015 Meeting**

All items were already discussed at the meeting.

**9) Reports from Chair and Boardmembers**

**A) Parking Task Force**

Dempsey said their next meeting is coming up in March. He reported that the Grove Street elevator is now under construction. He said hopefully at the end of next week the south elevator in the Division Street Garage will be finished.

**B) Downtown Management Board**

No report.

**10) Announcements/Boardmembers Comments**

Krause said Board members should look at the whether or not the lender would agree to restrictions.

**11) Adjournment**

There being no further business, Clayton moved to adjourn the meeting at 2:00 p.m.; Krause seconded the motion. All yeas, motion carried.