

**CITY OF EAST LANSING
CITY COUNCIL
SPECIAL MEETING MINUTES
June 26, 2012**

Present: Beard, Loomis, Power, Triplett, Goddeeris
Absent: None

The meeting was called to order at 5:00 p.m. by Mayor Goddeeris. The meeting was held in Courtroom #2 of the 54-B District Court, 101 Linden Street, East Lansing.

Item 1 **Approval of the Agenda**

It was moved by Councilmember Power and seconded by Mayor Pro Tem Triplett to approve the agenda.

ALL YEAS
MOTION CARRIED

Item 2 **Discussion of Due Diligence materials for the City Center II Project**

Tim Dempsey, Planning and Community Development Director, presented the staff review of City Center II due diligence materials including the Oetzel-Hartman appraisal, TIF (tax increment financing) estimates/debt scenarios, taxable value estimates, parking revenue estimates, shared parking analysis and items not being presented, followed by the staff recommendation.

Dempsey said that, based on the analysis, City Center II as proposed would not be feasible. Dempsey said that he had shared these concerns with the developer and the developer concurs. Dempsey read part of a statement from Scott Chappelle, developer, in which he stated that it is not in the best interest to pursue this project and that he is seeking to end it as proposed.

George Lahanas, City Manager, thanked Dempsey for the thorough analysis and said that the decision not to go forward was made by senior staff.

Triplett said he appreciates everyone's effort in preparing the analysis. Triplett said that the numbers speak for themselves and that the data is sufficient to show that the project should not move forward. Triplett commended the City for being business-friendly.

It was moved by Mayor Pro Tem Triplett and seconded by Councilmember Power to approve a motion finding that the City Center II redevelopment project, as proposed, is not financially feasible and further finds that entering into a Development Agreement with Center Two Project, LLC for the purpose of completing the proposed City Center II project poses substantial and unacceptable financial risks to the City of East Lansing and is therefore not in the City's best interest, based upon due diligence review of the proposed City debt and TIF allocations associated with the project (designated respectively as Critical Priority Items 1 & 4 in the Council's approved Due Diligence List).

Discussion:

Power said that the data provided assurance for the basis of a good decision. Power said that he has heard feedback in the community that there is interest in developing this corner but with less government involvement. Power stated that now is an opportunity to find out what the community wants and that the financial risk factor was the basis for his decision.

Beard said that Dempsey's presentation shows that there is not enough TIF revenue. Beard noted that he will not vote for anything that puts the City at risk. Beard said that the City should terminate the pre-development agreement and not pursue the development agreement.

Loomis thanked staff for leading the discussion with structure. Loomis said that projects begin and end with structure. Loomis stated that he hopes the next transaction will be based on structure that will be evaluated early on. Loomis applauded Chappelle for continuing to invest in the City of East Lansing and said he was glad Chappelle came to the same conclusion about City Center II.

Goddeeris said that the process reinforced the decision noting that a lot of people worked on it, and that the process shows commitment to the citizens. Goddeeris thanked staff, city attorney, outside consultants and Dempsey for leading the charge. Goddeeris said that Chappelle has key property and that Council will need to tie up loose ends.

Seeing no further discussion Goddeeris called for a vote.

ALL YEAS
MOTION CARRIED

Item 3 **Communications from the audience**

- Alice Dreger, 621 Sunset Lane, spoke regarding City Center II
- Phillip Vaughn, 5800 Executive Drive, Lansing, spoke regarding City Center II
- Bill Weckesser, 618 Kensington, spoke regarding City Center II

Item 4 **Adjournment**

It was moved by Councilmember Power and seconded by Councilmember Beard to adjourn.

ALL YEAS
MOTION CARRIED

There being no further business the meeting was adjourned at 6:01 p.m.

Diane Goddeeris
Mayor

Marie E. McKenna
City Clerk