AGENDA
Committee on Development and Planning
Monday, September 9, 2019 @ 4:00 P.M.
Council Conference Room, 10th Floor

Councilmember Adam Hussain, Chair
Councilmember Jeremy Garza, Vice Chair
Councilmember Jody Washington, Member

1. **Call to Order**

2. **Public Comment on Agenda Items**

3. **Minutes**
   - August 26, 2019

4. **Discussion/Action:**

   A. RESOLUTION - Brownfield Plan #76; Farnum Building Redevelopment Project; 123 West Allegan Street

5. **Other**

6. **Adjourn**

PUBLIC COMMENT AND SIGN IN SHEET

COMMITTEE Development & Planning

DATE Sept 9, 2019

Please print

NAME	ADDRESS	Purpose for Attending	Email Address	PHONE
Jessica DeBone	3340 Ranger	Farnum	debone@pmenv.com	517-303-4167
Teri Fitzpatrick	124 W Allegan	Farnum	tfitzpatrick@bojigroup.com	517-410-6172
John Hindo	124 W. Allegan	Farnum	jhindo@bojigroup.com	248-909-9416

MINUTES
Committee on Development and Planning
Monday, August 26, 2019 @ 4:00 p.m.
Council Conference Room, City Hall 10th Floor

CALL TO ORDER
Council Member Hussain called the meeting to order at 4:00 p.m.

PRESENT
Council Member Hussain, Chair
Council Member Garza, Vice-Chair
Council Member Washington, Member – arrived at 4:01

OTHERS PRESENT
Sherrie Boak, Council Staff
Lisa Hagen, Council Legal Analyst
Greg Venker, Assistant City Attorney
Susan Stachowiak, Economic Development & Planning
Shawn Watson, 521 W Hillsdale
Mike Markey, 835 Genesee

PUBLIC COMMENT
No public comment.

DISCUSSION/ACTION
RESOLUTION - Introduction and Set Public Hearing; Z-5-2019; 521 W. Hillsdale Street; "DM-4" Residential to "D-1" Professional Office

Council Member Hussain noted that the applicant is proposing to rezone for an interested future attorney tenant. Ms. Stachowiak referenced the zoning maps in the packet, and the proposed parcel is currently surrounded by D-1 Professional Office. The current zoning would allow for multi-family and with the size of the lot would allow up to 4 residential units. During the public hearings at the Planning Board there were no public comments.

Mr. Watson confirmed his intention is to convert into a single tenant law firm, and has already been approached by an attorney for the space.

Council Member Hussain noted there were other rezonings as far back as 2008 which put the surrounding parcels to D-1 Professional Office, and asked Ms. Stachowiak in similar cases, is there a history of creating rezonings in one area. Ms. Stachowiak stated confirmed it has been "piecemealed" over the years and in this case it does comply with Master Plan. Council Member Garza asked what other uses could be allowed in D-1 Professional, and was told offices and low

density residential, and they could also do a combination of residential and office. The Committee briefly reviewed the zoning map and proximity to residential properties.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE RESOLUTION TO INTRODUCE AND SET THE PUBLIC HEARING FOR SEPTEMBER 23, 2019 FOR Z-5-2019. MOTION CARRIED 3-0.

MINUTES

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE MINUTES FROM AUGUST 12, 2019 AS PRESENTED. MOTION CARRIED 3-0.

DISCUSSION/ACTION- continued

ORDINANCE - Z-3-2019; 835 W Genesee Street; "C" Residential to "DM-1" Residential

Council Member Hussain confirmed the required hearing was held at Council, and the Planning Board did support the rezoning. Ms. Stachowiak elaborated that the concerns at the board did include traffic, density, and there was one neighboring resident that had concerns because of issues in the past with the property. The residents who spoke, she added, voiced an interest in the SLU for the property because they wanted to continue to have access to the recreational use for the neighborhood. Ms. Stachowiak concluded that a use in the past, however it was not legally permitted and now this applicant is seeking the necessary approvals.

Council Member Hussain referenced the SLU further on the agenda, and the resolution where it stated the residents who spoke at the Planning Board spoke in support of the recreational use and not the support of the rezoning. Ms. Stachowiak stated she would re-evaluate the Planning Board minutes from that meeting. Council Member Hussain asked Ms. Stachowiak if there was a conditional rezoning in 2014 and it was confirmed, and at that time it was rezoned to D-1 Professional.

Council Member Washington spoke in opposition to the rezoning and the project, citing she had issues with other properties in the City managed by the applicant, Mr. Markey. She concluded by stated she would not consider until changes in what he currently manages have been addressed. Mr. Markey confirmed for the Committee that Mr. Fahdi is not involved in this property; in this property he is representing Julian Dardin, and he is the consultant for that developing group. Mr. Markey continued by stating he would never propose a project that was a blight to the City. Council Member Washington asked Mr. Markey if he was involved in a property on Holmes Road that is a concern to her, and he confirmed. Council Member Hussain acknowledged Council Member Washington and Mr. Markey for their opinions and their rights to make their statements.

MOTION BY COUNCIL MEMBER WASHINGTON TO APPROVE THE ORDINANCE FOR Z-3-2019 FOR 835 W GENESEE STREET.

Council Member Garza inquired into any exterior work, and Mr. Markey stated they plan to reopen the entrance on Genesee and replace windows. Council Member Garza then asked if their intention was for Section 8 housing, and Mr. Markey stated that is not part of the rezoning, but he does not intent for that but market rent apartments. Council Member Hussain asked the OCA if the question can be asked, and not taken in to consideration of the decision. Mr. Venker confirmed it cannot factor into the decision making.

MOTION CARRIED 3-0.

RESOLUTION – SLU-2-2019; Neighborhood Community Center 835 W. Genesee Street
Ms. Stachowiak made note that the owner is aware that this City is not a participant in the recreational use, and the applicant is fully responsible.

MOTION BY COUNCIL MEMBER GARZA TO APPROVE THE RESOLUTION FOR SLU-2-2019 FOR 835 W GENESEE STREET. MOTION CARRIED 3-0.

Other
No other topics of discussion.

Adjourn
Adjourned at 4:22 p.m.
Submitted by, Sherrie Boak,
Recording Secretary,
Lansing City Council
Approved by the Committee

CITY OF LANSING
BROWNFIELD REDEVELOPMENT AUTHORITY

BROWNFIELD PLAN #76

FARNUM BUILDING REDEVELOPMENT
LOCATED AT 123 WEST ALLEGAN STREET
LANSING, MICHIGAN

June 20, 2019

Approved by BRA: July 12, 2019
Approved by City Council:

Prepared on Behalf of:

Boji Group
124 West Allegan Street
Suite 2100
Lansing, MI 48933
Contact Person: Terri Fitzpatrick
Telephone: (517) 377-3000

Prepared By:

PM Environmental, Inc.
3340 Ranger Road
Lansing, Michigan 48906
Contact Person: Jessica DeBone
Telephone: (616) 328-5297

PM ENVIRONMENTAL
Risk Well Managed

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Table 1: Estimated Costs of Eligible Activities
Table 2: Tax Increment Revenue Capture Estimates
Table 3: Tax Increment Reimbursement Estimates

PROJECT SUMMARY

Project Name:	Farnum Building Redevelopment
Project Location:	The property is located at 123 West Allegan Street in Township four north (T.4N), Range two west (R.2W), Section 16, Lansing, Ingham County Michigan 48933 (the "Property").
Type of Eligible Property:	The property is determined to be "Functionally Obsolete"
Eligible Activities:	Pre-Approved Activities, Asbestos and Lead Activities, Demolition, Infrastructure Improvements and Preparation and Implementation of a Brownfield Plan and Act 381 Work Plan
Developer Reimbursable Costs:	$2,855,750 (includes eligible activities and a 15% contingency)
Years to Complete Reimbursement to Developer:	21 Years from project completion
Estimated Capital Investment:	Approximately $20 million (including Acquisition, Hard and Soft Costs)
Project Overview:	This project entails an overhaul of the current building conditions to revive the building into Class A office space in the heart of downtown next to the Capitol Building. The rehabilitation includes interior demolition, asbestos abatement, and infrastructure improvements of the existing office building. In addition to the redeveloped office space, the project is anticipated to create approximately 50 construction jobs. Upon completion it is anticipated the building will attract and retain tenants to the City employing an estimated 200 people. Of the 200 jobs, it is anticipated that approximately 30% (60 jobs) would be retained in the City. The newly created 140 tenant jobs could result in a significant increase to the City tax income revenue, estimated at approximately $78,750 on an annual basis totaling $1,653,750 if 50% of the employees reside in the City of Lansing.

I. INTRODUCTION AND PURPOSE

In order to promote the revitalization of environmentally distressed, historic, functionally obsolete and blighted areas within the boundaries of Lansing ("the City"), the City has established the Lansing Brownfield Redevelopment Authority (LBRA) the "Authority" pursuant to the Brownfield Redevelopment Financing Act, Michigan Public Act 381 of 1996, as amended ("Act 381").

The purpose of this Brownfield Plan (the "Plan") is to promote the redevelopment of and investment in the eligible "Brownfield" Property within the City and to facilitate financing of eligible activities at the Brownfield Property. Inclusion of Brownfield Property within any Plan in the City will facilitate financing of eligible activities at eligible properties and will provide tax incentives to eligible taxpayers willing to invest in revitalization of eligible sites, commonly referred to as "Brownfields." By facilitating redevelopment of the Brownfield Property, this Plan is intended to promote economic growth for the benefit of the residents of the City and all taxing units located within and benefited by the Authority.

The identification or designation of a developer or proposed use for the Brownfield Property that is subject to this Plan is integral to the effectiveness or validity of this Plan. This Plan is intended to apply to the eligible property identified in this Plan and, to identify and authorize the eligible activities to be funded. Any change in the proposed developer or proposed use of the eligible property shall necessitate approval by the Authority under this Plan.

This Plan is intended to be a living document, which may be amended with approval of the Authority and the City in accordance with and as necessary to achieve the purposes of Act 381. The applicable sections of Act 381 are noted throughout the Plan for reference purposes.

This Brownfield Plan contains information required by Section 13(1) of Act 381, as amended.

II. GENERAL PROVISIONS

A. Description of the Eligible Property (Section 13 (2)(h)) and Project

The Eligible Property consists of one (1) legal parcel totaling approximately 0.179 acres with a street address of 123 West Allegan Street, Lansing, Ingham County, Michigan. The parcels and all tangible personal property located thereon will comprise the eligible property and is referred to herein as the "Property."

The Property is located on the West Allegan Street and South Capital Avenue corridors, bounded by West Allegan Street to the north, the property line to the east, a parking lot to the south, and South Capital Avenue to the west.

Allegan Property, LLC has the same majority partners as Boji Group, LLC, the project developer. These entities or any affiliate, or such other developer as approved by the Authority, are collectively the project developer ("Developer)".

Boji Group, LLC (Boji) is a Lansing headquartered real estate development, property management, and construction management firm. With more than 25 years of real estate experience, Boji aims to bring innovative solutions to challenging development opportunities. Providing services for more than 2 million square feet of state-of-the-art commercial space, Boji has a proven track record of successful redevelopment and the delivery of quality service. Boji intends to bring the Farnum Building, which has fallen into disrepair and is functionally obsolete,

into reuse. Boji Group is rooted in the communities of the Lansing area, and are a committed partner to the City in bringing this vision to fruition.

The parcel is currently zoned G-1: Business District, the Property is commercially developed with a 90,000 square foot vacant office building in an area characterized by commercial and office uses. The property zoning will remain the same and permits the proposed future use.

Standard and other historical sources were able to document a residential dwelling was present in the western portion of the property in at least 1885. An office addition was constructed to the eastern portion of the dwelling between 1898 and 1906. The dwelling was demolished between 1913 and 1929. A commercial building containing four storefront tenants' spaces was constructed on the western portion of the property in 1929 and was demolished between 1955 and 1959. This former building was occupied by various professional office tenants, banks, and/or salons.

The current building was constructed in 1959 and was occupied by various banks and professional office tenants from construction until December 2016 and has been vacant of occupants since that time.

The Property's legal description is included in Appendix A. Property location maps are included in Appendix B.

The proposed redevelopment includes interior demolition of the current office building, including extensive asbestos abatement activities and renovation to restore this building into functioning Class A office space in the heart of Michigan's capital, where office space is greatly needed.

Asbestos abatement activities and demolition are expected to begin in Summer 2019. Project completion is anticipated for 2020. Allegan Property, LLC anticipates a total invest of approximately $20 million ($12 million hard cost) and the creation of approximately 50 construction jobs. Upon completion it is anticipated the building will create office space that will generate approximately 140 new tenant created jobs. It is anticipated that approximately 60 tenant jobs would be retained within the City of Lansing. The Developer is rehabilitating the building for future tenants that will result in tenant generated job creation.

Preliminary site plans and renderings are included in Appendix C.

B. Basis of Eligibility (Section 13 (2)(h) and Section 2(o))

The Property is considered "Eligible Property" as defined by Act 381, Section 2 because: (a) it was previously utilized for a commercial purpose; and, (b) the parcel comprising the Property has been determined to be a "functionally obsolete" by a Michigan Master Assessing Officer (MMAO) (formerly Level IV) as described below.

The Property was determined to be obsolete due to the following conditions:

- Age and previous occupation of the building
- The currently ineffective steam heat system
- The presence of asbestos

The functional obsolescence determination is provided in Appendix D.

C. Summary of Eligible Activities and Description of Costs (Sec. 13 (2)(a-b))

Tax Increment Financing revenues will be used to reimburse the costs of "eligible activities" (as defined by Section 2 of Act 381) as permitted under the Brownfield Redevelopment Financing Act that include: Pre-Approved Activities, Asbestos Activities, Demolition, Infrastructure Improvements and preparation and implementation of a Brownfield Plan and Act 381 Work Plan. A complete itemization of these activities and associated expenses is included in Table 1.

The following eligible activities and budgeted costs are intended as part of the development of the property and are to be financed solely by the developer. All activities are intended to be "Eligible Activities" under the Brownfield Redevelopment Financing Act. The Authority is not responsible for any cost of eligible activities and will incur no debt. The Authority is not obligated to reimburse any eligible activities conducted after May 1, 2022.

Eligible Activities **Developer Activities**	**Total Estimated Costs**	**MSF Act 381 Eligible Activities**	**EGLE Act 381 Eligible Activities**
Pre-Approved Activities	$32,300		$32,300
Demolition Activities	$100,000	$100,000	
Asbestos Activities	$2,263,000	$2,263,000	
Infrastructure Improvements	$40,000	$40,000	
Brownfield/Work Plan Preparation and Implementation	$60,000	$60,000	
Subtotal to Developer	***$2,495,300***	***$2,463,000***	***$32,300***
15% Contingency*	*$360,450*	*$360,450*	*$0*
Subtotal to Developer	***$2,855,750***	***$2,823,450***	***$32,300***
Administrative Activities			
LBRA Admin Fee (5% Annually)	$124,940		
LBRF (5% Annually)	$124,940		
State Brownfield Fund	$171,505		
Subtotal	***$421,385***		
Total Eligible and Administrative Activities	**$3,277,135**		

D. Estimate of Captured Taxable Value and Tax Increment Revenues (Sec. 13 (2)(c))

Incremental taxes on real property included in the redevelopment project will be captured under this Plan to reimburse eligible activity expenses. The base taxable value of the Property shall be determined by the use of the 2018 tax year tax values, which is currently listed by the City Assessor as $0. Tax increment revenue capture will begin when tax increment is generated by redevelopment of the Property, which is expected to begin in 2021 or when full redevelopment is completed whichever occurs first. The estimated taxable value of the completed development is $2,460,000. An annual increase in taxable value of 1% has been used for calculation of future tax increments in this Plan. Tables 2 details the estimate of captured tax increment revenues for each year of the Plan from the eligible property.

The LBRA has established a Local Brownfield Revolving Fund (LBRF). Capture for the LBRF is included at 5% of annual local capture during the duration of the Plan, currently estimated at $124,940. The funds deposited into the LBRF as part of this Plan will be used in accordance with

the requirements of Act 381, as amended. LBRF capture will occur during the duration of the Plan as shown in Table 2. The allocation of these funds will take place twice yearly and prior to local tax capture distributed toward Developer reimbursement.

Also prior to reimbursement of tax increment revenue to the Developer, payment of Brownfield Redevelopment Authority Administrative fees will occur first. The allocation of these funds will take place twice yearly and prior to local tax capture distributed toward Developer reimbursement.

E. Method of Brownfield Plan Financing and Description of Advances by the Municipality (Sec. 13 (2)(d))

Eligible activities will be financed by Allegan Property, LLC. The Developer will be reimbursed for eligible costs as described in Section C and outlined in Table 1. Costs for Eligible Activities funded by Allegan Property, LLC will be repaid under the Michigan Brownfield Redevelopment Financing Program (Michigan Public Act 381, as amended) with incremental taxes generated by future development of the property. The maximum amount of tax increment revenue capture that will be used to reimburse the Developer is $2,855,750 of which no more than $1,843,512 shall be from captured local taxes (64.55%). This includes Brownfield Plan preparation, Brownfield Redevelopment Authority Administrative fees and LBRF deposits.

No advances will be made by the LBRA for this project. All reimbursements authorized under this Plan shall be governed by the Reimbursement Agreement.

F. Maximum Amount of Note or Bonded Indebtedness (Sec. 13 (2)(e))

No note or bonded indebtedness will be incurred by any local unit of government for this project.

G. Duration of Brownfield Plan (Sec. 13 (1)(f))

The duration of the Brownfield Plan shall not exceed more than 21 years after the project completion date as set forth in the Development Agreement, unless amended by the Lansing City Council.

Further, in no event shall the beginning date of the capture of tax increment revenues be later than five years after the date of the resolution approving the Plan. The Property will become part of this Plan on the date this Plan is approved by the City of Lansing City Council.

H. Estimated Impact of Tax Increment Financing on Revenues of Taxing Jurisdictions (Sec. 13 (2)(g))

Tables 2 and 3 attached to this Plan provide the estimated TIR to be generated and captured under this Plan, for an estimated period of 21 years.

The total estimated cost of the eligible actives, contingency, interest, administrative fees, LBRF and State Brownfield Fund to be reimbursed or captured through use of Tax Increment Revenue (TIR) is projected to be up to $3,277,135.

Non-capturable millages, will see an immediate increase in new taxes generated following redevelopment and will provide new tax revenue of approximately $277,839 throughout the duration of this Plan.

Ten percent of newly generated taxes will be captured for the TIFA and taxing jurisdictions on local and state school captured millages throughout the duration of this Plan totaling approximately $393,030.

The local tax capture shall be applied annually in the following order of priority: 1. Payment of LBRA Administrative Fee, 2. Payment of deposit into LBRA LBRF, 3. Repayment of LBRA LBRF funds used or loaned to the project, 4. Reimbursement of LBRA approved Developer Eligible Activity costs.

The table below outlines the new tax revenue that is estimated under this Plan over a 21-year period.

Millage	**Rate**	**New Taxes From Project**	**Capture by Plan (90%)** **(Eligible Activities, LBRA LBRF, LBRA Admin. Fee, State BF Fund)**	**Pass through to TIFA (10%)**	**Remaining Capture for Local Tax Units**
Lansing Oper	19.4400	$1,111,354	$1,000,219	$111,135	$0
Lans Com College	3.8072	$217,652	$195,886	$21,765	$0
Ingham Intermed	4.7062	$269,046	$242,141	$26,905	$0
Ingham Cnty Sum	6.8000	$388,745	$349,871	$38,875	$0
Ingham County	3.2800	$187,512	$168,761	$18,751	$0
Airport Auth	0.6990	$39,961	$35,965	$3,996	$0
CATA	3.0070	$171,905	$154,715	$17,191	$0
CADL-Library	1.5600	$89,183	$80,264	$0	$8,918
Zoo Millage	0.4100	$23,439	$21,095	$2,344	$0
Subtotal	***43.7094***	***$2,498,797***	***$2,248,917***	***$240,961***	***$8,918***
State Education Tax (SET)	6.0000	$343,011	$308,710	$34,301	$0
School Operating Tax	18.0000	$1,029,032	$926,129	$102,903	$0
Subtotal	***24.0000***	***$1,372,043***	***$1,234,839***	***$137,204***	***$0***
Lansing Debt	0.2600	$14,864	$0	$14,864*	$0
Lansing School Debt	4.6000	$262,975	$0	$0	$262,975
Subtotal	***4.8600***	***$277,839***	***$0***	***$14,864***	***$262,975***
Total	***72.5694***	***$4,148,679***	***$3,483,756***	***$393,030***	***$271,893***

*non-capturable millage, therefore tax revenues are new taxes generated for the TIFA

Total Activities Reimbursed by TIF	**Estimated Capture**
Developer Reimbursement (including a 15% contingency	$ 2,855,750
LBRA Local Brownfield Revolving Fund Reimbursement	$ 124,940
LBRA Administrative Fees (5% of tax increment revenue)	$ 124,940
3 Mils to State Brownfield Fund	$ 171,505
Total	**$3,277,135**

TIFA Pass-Through	**Taxes Captured**
10% Passed-Through and New Taxes for TIFA	$393,030
Tax Increment for Local Tax Units Breakout	**Taxes Captured**
Remaining Capture for Local Units	$271,893
Remaining Tax Increment Estimated in Year 20 and 21	$206,620
Total	**$871,543**

For a complete breakdown of the captured millages and developer reimbursement please see Table 2 and Table 3 in Appendix F.

I. Legal Description, Property Map, Statement of Qualifying Characteristics and Personal Property (Sec. 13 (1)(h))

The legal description of the Property included in this Plan is attached in Appendix A.

A property location map is included in Appendix B.

Documentation of characteristics that qualify the property as eligible property is provided in Appendix D.

Personal property is not included in this plan.

J. Displacement/Relocation of Individuals on Eligible Property (Sec. 13 (1)(i-l))

No displacement of residents or families is expected as part of this project.

K. Other Material that the Authority or Governing Body Considers Pertinent (Sec. 13 (1)(n))

The Brownfield Redevelopment Authority and the City Council as the Governing Body, in accordance with the Act, may amend this Plan in order to fund additional eligible activities associated with the Project described herein.

Appendix A

PM ENVIRONMENTAL Environmental & Engineering Services

Legal Description:

W 78 FT OF N 34 FT LOT 11 & W 78 FT LOT 12 BLOCK 115 ORIG PLAT

123 W ALLEGAN ST LANSING, MI 48933 (Property Address)

Parcel Number: 33-01-01-16-328-001

Item **1** of **4** 2 Images / 2 Sketches

Property Owner: STATE OF MICHIGAN

Summary Information

> Commercial/Industrial Building Summary
  - Yr Built: 1959
  - # of Buildings: 1
  - Total Sq.Ft.: 78,000

> Property Tax information found

> Assessed Value: $0 | Taxable Value: $0

> Building Department information found

Owner and Taxpayer Information

Owner	STATE OF MICHIGAN REAL ESTATE MANAGEMENT ROOM 120 MASON BLDG LANSING, MI 48913-0001	**Taxpayer**	SEE OWNER INFORMATION

General Information for Tax Year 2018

Property Class	EXEMPT - REAL	**Unit**	33 CITY OF LANSING - INGHAM
School District	LANSING	**Assessed Value**	$0
MAP #	B -0115 -0012	**Taxable Value**	$0
TOP TEN	*Not Available*	**State Equalized Value**	$0
NEW PERMITS	*Not Available*	**Date of Last Name Change**	05/20/2010
USER ALPHA 3	*Not Available*	**Notes**	*Not Available*
Historical District	*Not Available*	**Census Block Group**	*Not Available*
TYPE CODE	*Not Available*	**Exemption**	*No Data to Display*

Principal Residence Exemption Information

Homestead Date 12/30/1997

Principal Residence Exemption	June 1st	Final
2018	0.0000 %	0.0000 %

Previous Year Information

Year	MBOR Assessed	Final SEV	Final Taxable
2017	$0	$0	$0
2016	$0	$0	$0
2015	$0	$0	$0

Land Information

Zoning Code	*Not Available*	**Total Acres**	0.179
Land Value	$0	**Land Improvements**	$0
Renaissance Zone	No	**Renaissance Zone Expiration Date**	*No Data to Display*
ECF Neighborhood	O225-DOWNTOWN-OFFICES	**Mortgage Code**	*No Data to Display*
Lot Dimensions/Comments	78 X 100 @ 13.05	**Neighborhood Enterprise Zone**	No

Lot(s)	Frontage	Depth
No lots found.		
	Total Frontage: 0.00 ft	**Average Depth: 0.00 ft**

Legal Description

W 78 FT OF N 34 FT LOT 11 & W 78 FT LOT 12 BLOCK 115 ORIG PLAT

Sale History

Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms of Sale	Liber/Page
No sales history found.						

Building Information - 78000.00 sq ft Office Buildings (Commercial)

Floor Area	78,000 sq ft	**Estimated TCV**	*Not Available*
Occupancy	Office Buildings	**Class**	A
Stories Above Ground	10	**Average Story Height**	11 ft
Basement Wall Height	*Not Available*	**Identical Units**	*Not Available*
Year Built	1959	**Year Remodeled**	*Not Available*
Percent Complete	0%	**Heat**	Zoned A.C. Hot & Chilled Water
Physical Percent Good	45%	**Functional Percent Good**	100%
Economic Percent Good	100%	**Effective Age**	53 yrs

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Appendix B

PM ENVIRONMENTAL Environmental & Engineering Services

123 West Allegan Street
(functionally obsolete)
Boji Tower
W Allegan St
W Allegan St
S Capitol Ave
S Capitol Ave
Washington Sq S
Washington Sq S
Townsend St

Appendix C

PM ENVIRONMENTAL Environmental & Engineering Services

1000 chairs

Appendix D

PM ENVIRONMENTAL Environmental & Engineering Services

Andy Schor, Mayor

CITY ASSESSORS OFFICE

Sharon Frischman, MMAO
City Assessor
3rd Floor City Hall
124 West Michigan Avenue
Lansing, Michigan 48933
(517) 483-7624
FAX: (517) 483-4101
www.lansingmi.gov/City-Assessor

April 16, 2019

Functional Obsolescence Determination

123 W Allegan
33-01-01-16-328-001

This property was inspected on March 29, 2019. This is a 10 story single tenant office building with a mechanical mezzanine. The office building is served by a bank of elevators.

The building was previously occupied by the State of Michigan and served as office space with small hearing rooms. The hearing rooms have a special purpose and would be considered to lend to some obsolescence suffered by the building.

The steam heat system serves the entire building, there is not a practical way of separating the heating system. Although the building could be leased on a gross rent basis, it was designed for a single tenant.

The building has obsolete construction materials present in the form of asbestos.

In conclusion, the building is determined to suffer from functional obsolescence.

Sharon Frischman, MMAO
City of Lansing Assessor

Tables

PM ENVIRONMENTAL Environmental & Engineering Services

Table 1: Eligible Activities Cost Estimates			
Item/Activity	**Total Request**	**MSF Act 381 Eligible Activities**	**MDEQ Act 381 Eligible Activities**
Pre-Approved Activities			
Phase I ESA	$ 2,800		$ 2,800
Hazardous Materials Survey	$ 29,500		$ 29,500
Pre-Approved Activities Sub-Total	**$ 32,300**		**$ 32,300**
Interior Demolition	$ 100,000	$ 100,000	
Demolition Sub-Total	**$ 100,000**	**$ 100,000**	
Asbestos and Lead Activities			
Asbestos Abatement, Oversight, Air Monitoring and Reporting	$ 100,000	$ 100,000	
Asbestos Abatement	$ 2,163,000	$ 2,163,000	
Asbestos and Lead Activities Sub-Total	**$ 2,263,000**	**$ 2,263,000**	
Infrastructure Improvements			
Side Walk Improvements	$ 10,000	$ 10,000	
Public Lighting	$ 30,000	$ 30,000	
Infrastructure Improvements Sub-Total	**$ 40,000**	**$ 40,000**	
Brownfield Plan and Act 381 Workplan			
Brownfield Plan and Act 381 Work Plan Preparation	$ 30,000	$ 30,000	
Brownfield Pan and Act 381 Work Plan Implementation	$ 30,000	$ 30,000	
Brownfield Plan and Act 381 Workplan Sub-Total	**$ 60,000**	**$ 60,000**	
Eligible Activities Sub-Total	**$ 2,495,300**	**$ 2,463,000**	**$ 32,300**
15% Contingency*	$ 360,450	$ 360,450	
Developer Eligible Reimbursement Sub-Total	**$ 2,855,750**	**$ 2,823,450**	**$ 32,300**
Developer Eligible Reimbursement Total	**$ 2,855,750**	**$ 2,823,450**	**$ 32,300**
TIF Capture for Local Brownfield Revolving Fund	$ 124,940		
LBRA Administrative Fee	$ 124,940		
State Brownfield Fund	$ 171,505		
Total	**$ 3,277,135**	**$ 2,823,450**	**$ 32,300**

*15% Contingency excludes preparation of Brownfield Plan/381 Work Plan and Pre-Approved Activities

Tax Increment Revenue Capture Estimates - Table 2
123 W Allegan St, Lansing
Ingham County
April 17, 2019

Estimated Taxable Value (TV) Increase Rate: 1% per year

Plan Year	0	1	2	3	4	5	6	7	8	9
Calendar Year	2018	2021	2022	2023	2024	2025	2026	2027	2028	2029
Base Taxable Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated New TV		$ 2,460,000	$ 2,484,600	$ 2,509,446	$ 2,534,540	$ 2,559,886	$ 2,585,485	$ 2,611,340	$ 2,637,453	$ 2,663,827
Incremental Difference (New TV - Base TV)		**$ 2,460,000**	**$ 2,484,600**	**$ 2,509,446**	**$ 2,534,540**	**$ 2,559,886**	**$ 2,585,485**	**$ 2,611,340**	**$ 2,637,453**	**$ 2,663,827**

School Capture	Millage Rate									
State Education Tax (SET)	6.0000	$ -	$ 14,760	$ 14,908	$ 15,057	$ 15,207	$ 15,359	$ 15,513	$ 15,668	$ 15,825	$ 15,983
School Operating Tax	18.0000	$ -	$ 44,280	$ 44,723	$ 45,170	$ 45,622	$ 46,078	$ 46,539	$ 47,004	$ 47,474	$ 47,949
School Total	**24.0000**	$ -	**$ 59,040**	**$ 59,630**	**$ 60,227**	**$ 60,829**	**$ 61,437**	**$ 62,052**	**$ 62,672**	**$ 63,299**	**$ 63,932**

Local Capture	Millage Rate									
Lansing Oper	19.4400	$ -	$ 47,822	$ 48,301	$ 48,784	$ 49,271	$ 49,764	$ 50,262	$ 50,764	$ 51,272	$ 51,785
Lans Com College	3.8072	$ -	$ 9,366	$ 9,459	$ 9,554	$ 9,650	$ 9,746	$ 9,843	$ 9,942	$ 10,041	$ 10,142
Ingham Intermed	4.7062	$ -	$ 11,577	$ 11,693	$ 11,810	$ 11,928	$ 12,047	$ 12,168	$ 12,289	$ 12,412	$ 12,537
Ingham Cnty Sum	6.8000	$ -	$ 16,728	$ 16,895	$ 17,064	$ 17,235	$ 17,407	$ 17,581	$ 17,757	$ 17,935	$ 18,114
Ingham County	3.2800	$ -	$ 8,069	$ 8,149	$ 8,231	$ 8,313	$ 8,396	$ 8,480	$ 8,565	$ 8,651	$ 8,737
Airport Auth	0.6990	$ -	$ 1,720	$ 1,737	$ 1,754	$ 1,772	$ 1,789	$ 1,807	$ 1,825	$ 1,844	$ 1,862
CATA	3.0070	$ -	$ 7,397	$ 7,471	$ 7,546	$ 7,621	$ 7,698	$ 7,775	$ 7,852	$ 7,931	$ 8,010
CADL-Library	1.5600	$ -	$ 3,838	$ 3,876	$ 3,915	$ 3,954	$ 3,993	$ 4,033	$ 4,074	$ 4,114	$ 4,156
Zoo Millage	0.4100	$ -	$ 1,009	$ 1,019	$ 1,029	$ 1,039	$ 1,050	$ 1,060	$ 1,071	$ 1,081	$ 1,092
Local Total	**43.7094**	$ -	**$ 107,525**	**$ 108,600**	**$ 109,686**	**$ 110,783**	**$ 111,891**	**$ 113,010**	**$ 114,140**	**$ 115,281**	**$ 116,434**

Non-Capturable Millages	Millage Rate									
Lansing Debt	0.2600	$ -	$ 640	$ 646	$ 652	$ 659	$ 666	$ 672	$ 679	$ 686	$ 693
Lansing Sch Debt	4.6000	$ -	$ 11,316	$ 11,429	$ 11,543	$ 11,659	$ 11,775	$ 11,893	$ 12,012	$ 12,132	$ 12,254
Total Non-Capturable Taxes	**4.8600**	$ -	**$ 11,956**	**$ 12,075**	**$ 12,196**	**$ 12,318**	**$ 12,441**	**$ 12,565**	**$ 12,691**	**$ 12,818**	**$ 12,946**
Total Capturable Millages	**67.7094**									

Total Tax Increment Revenue (TIR) Available for Capture	$ 166,565	$ 168,231	$ 169,913	$ 171,612	$ 173,328	$ 175,062	$ 176,812	$ 178,580	$ 180,366

Tax Increment Revenue Capture Estimates - Table 2
123 W Allegan St, Lansing
Ingham County
April 17, 2019

Estimated Taxable Value (TV) Increase Rate:

Plan Year	10	11	12	13	14	15	16	17	18
Calendar Year	2030	2031	2032	2033	2034	2035	2036	2037	2038
Base Taxable Value	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated New TV	$ 2,690,466	$ 2,717,370	$ 2,744,544	$ 2,771,990	$ 2,799,709	$ 2,827,707	$ 2,855,984	$ 2,884,543	$ 2,913,389
Incremental Difference (New TV - Base TV)	**$ 2,690,466**	**$ 2,717,370**	**$ 2,744,544**	**$ 2,771,990**	**$ 2,799,709**	**$ 2,827,707**	**$ 2,855,984**	**$ 2,884,543**	**$ 2,913,389**
School Capture	Millage Rate								
State Education Tax (SET)	6.0000	$ 16,143	$ 16,304	$ 16,467	$ 16,632	$ 16,798	$ 16,966	$ 17,136	$ 17,307	$ 17,480
School Operating Tax	18.0000	$ 48,428	$ 48,913	$ 49,402	$ 49,896	$ 50,395	$ 50,899	$ 51,408	$ 51,922	$ 52,441
School Total	**24.0000**	**$ 64,571**	**$ 65,217**	**$ 65,869**	**$ 66,528**	**$ 67,193**	**$ 67,865**	**$ 68,544**	**$ 69,229**	**$ 69,921**
Local Capture	Millage Rate								
Lansing Oper	19.4400	$ 52,303	$ 52,826	$ 53,354	$ 53,887	$ 54,426	$ 54,971	$ 55,520	$ 56,076	$ 56,636
Lans Com College	3.8072	$ 10,243	$ 10,346	$ 10,449	$ 10,554	$ 10,659	$ 10,766	$ 10,873	$ 10,982	$ 11,092
Ingham Intermed	4.7062	$ 12,662	$ 12,788	$ 12,916	$ 13,046	$ 13,176	$ 13,308	$ 13,441	$ 13,575	$ 13,711
Ingham Cnty Sum	6.8000	$ 18,295	$ 18,478	$ 18,663	$ 18,850	$ 19,038	$ 19,228	$ 19,421	$ 19,615	$ 19,811
Ingham County	3.2800	$ 8,825	$ 8,913	$ 9,002	$ 9,092	$ 9,183	$ 9,275	$ 9,368	$ 9,461	$ 9,556
Airport Auth	0.6990	$ 1,881	$ 1,899	$ 1,918	$ 1,938	$ 1,957	$ 1,977	$ 1,996	$ 2,016	$ 2,036
CATA	3.0070	$ 8,090	$ 8,171	$ 8,253	$ 8,335	$ 8,419	$ 8,503	$ 8,588	$ 8,674	$ 8,761
CADL-Library	1.5600	$ 4,197	$ 4,239	$ 4,281	$ 4,324	$ 4,368	$ 4,411	$ 4,455	$ 4,500	$ 4,545
Zoo Millage	0.4100	$ 1,103	$ 1,114	$ 1,125	$ 1,137	$ 1,148	$ 1,159	$ 1,171	$ 1,183	$ 1,194
Local Total	**43.7094**	**$ 117,599**	**$ 118,775**	**$ 119,962**	**$ 121,162**	**$ 122,374**	**$ 123,597**	**$ 124,833**	**$ 126,082**	**$ 127,342**
Non-Capturable Millages	Millage Rate								
Lansing Debt	0.2600	$ 700	$ 707	$ 714	$ 721	$ 728	$ 735	$ 743	$ 750	$ 757
Lansing Sch Debt	4.6000	$ 12,376	$ 12,500	$ 12,625	$ 12,751	$ 12,879	$ 13,007	$ 13,138	$ 13,269	$ 13,402
Total Non-Capturable Taxes	**4.8600**	**$ 13,076**	**$ 13,206**	**$ 13,338**	**$ 13,472**	**$ 13,607**	**$ 13,743**	**$ 13,880**	**$ 14,019**	**$ 14,159**
Total Capturable Millages	**67.7094**									
Total Tax Increment Revenue (TIR) Available for Capture		$ 182,170	$ 183,992	$ 185,831	$ 187,690	$ 189,567	$ 191,462	$ 193,377	$ 195,311	$ 197,264

Tax Increment Revenue Capture Estimates - Table 2
123 W Allegan St, Lansing
Ingham County
April 17, 2019

Estimated Taxable Value (TV) Increase Rate:

Plan Year		19	20	21	TOTAL
Calendar Year		2039	2040	2041	
Base Taxable Value		$ -	$ -	$ -	$ -
Estimated New TV		$ 2,942,523	$ 2,971,948	$ 3,001,667	$ -
Incremental Difference (New TV - Base TV)		**$ 2,942,523**	**$ 2,971,948**	**$ 3,001,667**	$ -
School Capture	Millage Rate				
State Education Tax (SET)	6.0000	$ 17,655	$ 17,832	$ 18,010	$ 343,011
School Operating Tax	18.0000	$ 52,965	$ 53,495	$ 54,030	$ 1,029,032
School Total	**24.0000**	**$ 70,621**	**$ 71,327**	**$ 72,040**	**$ 1,372,042**
Local Capture	Millage Rate				
Lansing Oper	19.4400	$ 57,203	$ 57,775	$ 58,352	$ 1,111,354
Lans Com College	3.8072	$ 11,203	$ 11,315	$ 11,428	$ 217,652
Ingham Intermed	4.7062	$ 13,848	$ 13,987	$ 14,126	$ 269,046
Ingham Cnty Sum	6.8000	$ 20,009	$ 20,209	$ 20,411	$ 388,745
Ingham County	3.2800	$ 9,651	$ 9,748	$ 9,845	$ 187,512
Airport Auth	0.6990	$ 2,057	$ 2,077	$ 2,098	$ 39,961
CATA	3.0070	$ 8,848	$ 8,937	$ 9,026	$ 171,905
CADL-Library	1.5600	$ 4,590	$ 4,636	$ 4,683	$ 89,183
Zoo Millage	0.4100	$ 1,206	$ 1,218	$ 1,231	$ 23,439
Local Total	**43.7094**	**$ 128,616**	**$ 129,902**	**$ 131,201**	**$ 2,498,797**
Non-Capturable Millages	Millage Rate				
Lansing Debt	0.2600	$ 765	$ 773	$ 780	$ 14,864
Lansing Sch Debt	4.6000	$ 13,536	$ 13,671	$ 13,808	$ 262,975
Total Non-Capturable Taxes	**4.8600**	**$ 14,301**	**$ 14,444**	**$ 14,588**	**$ 277,839**
Total Capturable Millages	**67.7094**				
Total Tax Increment Revenue (TIR) Available for Capture		$ 199,236	$ 201,229	$ 203,241	

Table 3 Tax Increment Revenue Reimbursement Estimates
123 W Allegan St, Lansing
Ingham County
April 17, 2019

Developer Maximum Reimbursement	Total Proportionality	School & Local Taxes	Local-Only Taxes	Total
State	35.45%	$ 1,012,238	$ -	$ 1,012,238
Local	64.55%	$ 1,843,512		$ 1,843,512
TOTAL	100.00%	**$ 2,855,750**	**$ -**	**$ 2,855,750**
MDEQ	1.13%	$ 32,300	$ -	$ 32,300
MSF	98.87%	$ 2,823,450	$ -	$ 2,823,450
TOTAL	100.00%	**$ 2,855,750**		**$ 2,855,750**

Estimated Total Years of Plan:	21

Estimated Capture	
Administrative Fees	$ 124,940
State Revolving Fund	$ 171,505
LBRF	$ 124,940

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Total State Incremental Revenue		$ 59,040	$ 59,630	$ 60,227	$ 60,829	$ 61,437	$ 62,052	$ 62,672	$ 63,299	$ 63,932	$ 64,571	$ 65,217	$ 65,869	$ 66,528	$ 67,193
State Brownfield Revolving Fund (3 mills of SET)		$ 7,380	$ 7,454	$ 7,528	$ 7,604	$ 7,680	$ 7,756	$ 7,834	$ 7,912	$ 7,991	$ 8,071	$ 8,152	$ 8,234	$ 8,316	$ 8,399
State Tax Increment to Taxing Unit (10%) ("Pass-Through")		$ 5,904	$ 5,963	$ 6,023	$ 6,083	$ 6,144	$ 6,205	$ 6,267	$ 6,330	$ 6,393	$ 6,457	$ 6,522	$ 6,587	$ 6,653	$ 6,719
State TIR Available for Reimbursement		**$ 45,756**	**$ 46,214**	**$ 46,676**	**$ 47,142**	**$ 47,614**	**$ 48,090**	**$ 48,571**	**$ 49,057**	**$ 49,547**	**$ 50,043**	**$ 50,543**	**$ 51,049**	**$ 51,559**	**$ 52,075**
Total Local Incremental Revenue		$ 107,525	$ 108,600	$ 109,686	$ 110,783	$ 111,891	$ 113,010	$ 114,140	$ 115,281	$ 116,434	$ 117,599	$ 118,775	$ 119,962	$ 121,162	$ 122,374
BRA Administrative Fee (5% of available Local TIR)		$ 5,376	$ 5,430	$ 5,484	$ 5,539	$ 5,595	$ 5,650	$ 5,707	$ 5,764	$ 5,822	$ 5,880	$ 5,939	$ 5,998	$ 6,058	$ 6,119
Local Brownfield Revolving Fund (LBRF) (5% of available Local TIR)		$ 5,376	$ 5,430	$ 5,484	$ 5,539	$ 5,595	$ 5,650	$ 5,707	$ 5,764	$ 5,822	$ 5,880	$ 5,939	$ 5,998	$ 6,058	$ 6,119
Local Tax Increment to Taxing Unit (10%) ("Pass Through")		$ 10,753	$ 10,860	$ 10,969	$ 11,078	$ 11,189	$ 11,301	$ 11,414	$ 11,528	$ 11,643	$ 11,760	$ 11,877	$ 11,996	$ 12,116	$ 12,237
Local TIR Available for Reimbursement		**$ 86,020**	**$ 86,880**	**$ 87,749**	**$ 88,627**	**$ 89,513**	**$ 90,408**	**$ 91,312**	**$ 92,225**	**$ 93,147**	**$ 94,079**	**$ 95,020**	**$ 95,970**	**$ 96,930**	**$ 97,899**
Total State & Local TIR Available		**$ 131,776**	**$ 133,094**	**$ 134,425**	**$ 135,769**	**$ 137,127**	**$ 138,498**	**$ 139,883**	**$ 141,282**	**$ 142,695**	**$ 144,122**	**$ 145,563**	**$ 147,018**	**$ 148,489**	**$ 149,973**
DEVELOPER	Beginning Balance														
DEVELOPER Reimbursement Balance	***$ 2,855,750***	***$ 2,723,974***	***$ 2,590,880***	***$ 2,456,455***	***$ 2,320,686***	***$ 2,183,559***	***$ 2,045,061***	***$ 1,905,178***	***$ 1,763,897***	***$ 1,621,202***	***$ 1,477,080***	***$ 1,331,518***	***$ 1,184,499***	***$ 1,036,011***	***$ 886,037***
MSF Non-Environmental Costs	***$ 2,823,450***														
Eligible Activities Reimbursement	**$ 2,823,450**														
State Tax Reimbursement		$ 45,238	$ 45,691	$ 46,148	$ 46,609	$ 47,075	$ 47,546	$ 48,022	$ 48,502	$ 48,987	$ 49,477	$ 49,971	$ 50,471	$ 50,976	$ 51,486
Local Tax Reimbursement		$ 85,047	$ 85,898	$ 86,757	$ 87,624	$ 88,500	$ 89,385	$ 90,279	$ 91,182	$ 92,094	$ 93,015	$ 93,945	$ 94,884	$ 95,833	$ 96,792
Eligible Activities Reimbursement Balance		**$ 2,693,164**	**$ 2,561,576**	**$ 2,428,671**	**$ 2,294,438**	**$ 2,158,862**	**$ 2,021,931**	**$ 1,883,630**	**$ 1,743,946**	**$ 1,602,865**	**$ 1,460,374**	**$ 1,316,457**	**$ 1,171,102**	**$ 1,024,293**	**$ 876,016**
Interest Reimbursement	$ -														
MDEQ Environmental Costs	***$ 32,300***														
Eligible Activities Reimbursement	***$ 32,300***														
State Tax Reimbursement		$ 518	$ 523	$ 528	$ 533	$ 539	$ 544	$ 549	$ 555	$ 560	$ 566	$ 572	$ 577	$ 583	$ 589
Local Tax Reimbursement		$ 973	$ 983	$ 992	$ 1,002	$ 1,012	$ 1,023	$ 1,033	$ 1,043	$ 1,054	$ 1,064	$ 1,075	$ 1,085	$ 1,096	$ 1,107
Eligible Activities Reimbursement Balance		**$ 30,810**	**$ 29,304**	**$ 27,784**	**$ 26,248**	**$ 24,697**	**$ 23,131**	**$ 21,549**	**$ 19,951**	**$ 18,337**	**$ 16,707**	**$ 15,060**	**$ 13,397**	**$ 11,718**	**$ 10,022**
Local Only Costs	$ -														
Local Tax Reimbursement		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Local Only Reimbursement Balance		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Annual Developer Reimbursement		***$ 131,776***	***$ 133,094***	***$ 134,425***	***$ 135,769***	***$ 137,127***	***$ 138,498***	***$ 139,883***	***$ 141,282***	***$ 142,695***	***$ 144,122***	***$ 145,563***	***$ 147,018***	***$ 148,489***	***$ 149,973***

Table 3 Tax Increment Revenue Reimbursement Estimates
123 W Allegan St, Lansing
Ingham County
April 17, 2019

	15	16	17	18	19	20	21	
	2035	2036	2037	2038	2039	2040	2041	TOTAL
Total State Incremental Revenue	$ 67,865	$ 68,544	$ 69,229	$ 69,921	$ 70,621	$ 71,327	$ 72,040	$ 1,372,042
State Brownfield Revolving Fund (3 mills of SET	$ 8,483	$ 8,568	$ 8,654	$ 8,740	$ 8,828	$ 8,916	$ 9,005	$ 171,505
State Tax Increment to Taxing Unit (10%) ("Pas	$ 6,786	$ 6,854	$ 6,923	$ 6,992	$ 7,062	$ 7,133	$ 7,204	$ 137,204
State TIR Available for Reimbursement	**$ 52,595**	**$ 53,121**	**$ 53,653**	**$ 54,189**	**$ 54,731**	**$ 55,278**	**$ 55,831**	$ 1,063,333
Total Local Incremental Revenue	$ 123,597	$ 124,833	$ 126,082	$ 127,342	$ 128,616	$ 129,902	$ 131,201	$ 2,498,797
BRA Administrative Fee (5% of available Local T	$ 6,180	$ 6,242	$ 6,304	$ 6,367	$ 6,431	$ 6,495	$ 6,560	$ 124,940
Local Brownfield Revolving Fund (LBRF) (5% of	$ 6,180	$ 6,242	$ 6,304	$ 6,367	$ 6,431	$ 6,495	$ 6,560	$ 124,940
Local Tax Increment to Taxing Unit (10%) ("Pas	$ 12,360	$ 12,483	$ 12,608	$ 12,734	$ 12,862	$ 12,990	$ 13,120	$ 249,880
Local TIR Available for Reimbursement	**$ 98,878**	**$ 99,867**	**$ 100,865**	**$ 101,874**	**$ 102,893**	**$ 103,922**	**$ 104,961**	$ 1,999,038
Total State & Local TIR Available	**$ 151,473**	**$ 152,988**	**$ 154,518**	**$ 156,063**	**$ 157,624**	**$ 159,200**	**$ 160,792**	**$ 3,062,370**
DEVELOPER								
DEVELOPER Reimbursement Balance	***$ 734,564***	***$ 581,576***	***$ 427,058***	***$ 270,995***	***$ 113,371***	***$ 4,736***	***$ (0)***	
MSF Non-Environmental Costs								
Eligible Activities Reimbursement								
State Tax Reimbursement	$ 52,000	$ 52,520	$ 53,046	$ 53,576	$ 54,112	$ 54,653	$ 4,682	$ 1,000,789
Local Tax Reimbursement	$ 97,760	$ 98,737	$ 99,724	$ 100,722	$ 101,729	$ 52,754		$ 1,822,661
Eligible Activities Reimbursement Balance	**$ 726,256**	**$ 574,998**	**$ 422,228**	**$ 267,930**	**$ 112,089**	**$ 4,682**	**$ (0)**	
Interest Reimbursement								
MDEQ Environmental Costs								
Eligible Activities Reimbursement								
State Tax Reimbursement	$ 595	$ 601	$ 607	$ 613	$ 619	$ 625	$ 54	$ 11,449
Local Tax Reimbursement	$ 1,118	$ 1,130	$ 1,141	$ 1,152	$ 1,164	$ 604		$ 20,851
Eligible Activities Reimbursement Balance	**$ 8,308**	**$ 6,578**	**$ 4,830**	**$ 3,065**	**$ 1,282**	**$ 54**	**$ (0)**	
Local Only Costs								
Local Tax Reimbursement	$ -	$ -	$ -	$ -	$ -	$ -		$ -
Total Local Only Reimbursement Balance	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***		
Total Annual Developer Reimbursement	***$ 151,473***	***$ 152,988***	***$ 154,518***	***$ 156,063***	***$ 157,624***	***$ 108,635***	***$ 4,736***	***$ 2,855,750***

OFFICE OF MAYOR ANDY SCHOR
124 W. MICHIGAN AVENUE – NINTH FLOOR
LANSING, MI 48933
Draft 7/22/2019

AGREEMENT IN CONSIDERATION OF DEVELOPMENT INCENTIVES

THIS AGREEMENT in Consideration of Development Incentives ("Agreement") is made and entered this _____day of _____, _____, by and between the City of Lansing, Michigan, a Michigan municipal corporation ("City"), and Allegan Property, LLC, a Michigan Corporation ("Applicant"), (collectively the "Parties");

I. STATEMENT OF PURPOSE:

The City of Lansing welcomes new investment and the creation of new jobs. To achieve these goals, the City offers a variety of economic incentives that are designed to facilitate the expansion of existing businesses and the location of new businesses within the City, as well as the rehabilitation of obsolete structures and the reuse of environmentally contaminated sites.

Economic incentives typically do not provide City funds to developers or businesses, but rather encourage new investment and job creation in the City that would not have occurred without the incentive. The purpose of this Agreement is to establish performance expectations, reporting requirements and preferences for Lansing-based firms, resident employees and union employees in hiring, contracting, subcontracting and procurement related to the acceptance of economic incentives by the Applicant.

Economic incentives are beneficial to both the City and the Applicant. The approval of incentives must be a transparent and public process that produces a clear agreement between the Parties regarding the responsibilities of both the City and the Applicant. This public process does not end with the approval of the incentive, but continues until the commitments made by the Applicant under this Agreement are met.

II. DEFINITIONS

As used in this Agreement, the definitions herein shall be the mutually understood meaning of the following terms:

"Incentive" means a reduction in City taxes levied on real or personal property, or other financial benefit to Applicant, for a limited number of years as specified in this Agreement, and which may include, but is not limited to, those tax reductions or other financial benefits authorized by the Obsolete Property Rehabilitation Act (Public Act 146 of 2000, as amended), Neighborhood Enterprise Zone Act (Public Act 147 of 1992, as amended), Brownfield Redevelopment Financing Act (Public Act 381 of 1996, as amended), Plant Rehabilitation and Industrial Development Districts (Public Act 198 of 1974, as amended) and the New Personal Property Tax Exemption authorized by Public Act 328 of 1998.

"Lansing-based firm" means an incorporated business entity that owns or leases an office, warehouse, distribution center, or wholesale or retail store located within the corporate limits of the City of Lansing.

"Full-time Equivalent Employees (FTE)" means a combination of full-time and part-time employees that represents all employees as a comparable number of full-time employees.

III. RECITALS:

A. APPLICANT/PROJECT INFORMATION

Name of Project: Farnum Building Redevelopment

Location of Project: 123 West Allegan Street, Lansing, MI

Business Name of Applicant *(if applicable): Allegan Property, LLC*

Name of Parent Company *(if applicable):* N/A

List Managing Partner and all other Partners, including percentage ownership interest of each partner:

Ron Boji, Manager

Boji Allegan Property, LLC	80%
135th Avenue Development, LLC	20%

Project description:

This project entails an overhaul of the current building conditions to revive the building into Class A office space in the heart of downtown next to the Capitol Building. The rehabilitation

includes interior demolition, asbestos abatement, and infrastructure improvements of the existing office building.

List all past projects started in the city of Lansing by any of the partners listed above:

Boji Tower Renovation
Davenport University (developer only)
Capitol View I (original office building)
Capitol View II (Senate office building
Hollister Renovations

List City incentive(s) and number of years requested for each:

Hollister Renovations – OPRA Tax Abatement _____ 10 _____ Years

List all Federal, State or other incentives and their estimated value that may be part of this project:

The project will be seeking Historic Tax Credits.

Name of Financial Institution(s) funding the Project *(if unavailable upon execution of this Agreement, Applicant agrees to furnish commitment letter(s) from lending institution(s) to the LEDC when available):*

Financial Institutions are not committed at this time; Allegan Property, LLC can provide a term sheet once financing is finalized.

Estimated number of new, permanent full-time equivalent employees (FTE) upon Project Completion *(if applicable):*

140 new FTEs estimated to be created by attraction of future tenants. 60 FTEs estimated to be retained by tenants.

Estimated total investment in real and personal property, including acquisition and construction costs, upon Project Completion:

$ 20,000,000

Estimated average hourly wage or annual salary of new, permanent employees *(if applicable):*

$ 75,000 (estimate dependent on the attraction and retainage of tenants)

B. APPLICANT ACCEPTANCE OF NOTICE AND REPORTING REQUIREMENTS AND LOCAL PREFERENCES IN HIRING, PROCUREMENT OF GOODS AND SERVICES, CONTRACTING AND SUBCONTRACTING

(initial spaces below to indicate acceptance)

_____ Applicant agrees to notify the LEDC and City Assessor of any and all partnership changes during the term of any incentives approved for the Project.

_____ Applicant agrees, and may be required to provide written documentation at the request of the LEDC, to consider and hire as many Lansing residents and Lansing-based firms, including but not limited to consultants, suppliers, contractors and sub-contractors, as reasonably possible.

_____ Applicant agrees, and may be required to provide written documentation at the request of the LEDC, to make good faith efforts to hire contractors and sub-contractors that employ union labor when economically feasible.

_____ Applicant agrees that all employees, contractors and sub-contractors related to this Project will pay all City individual income tax.

_____ Applicant agrees to report annually to the City Treasurer all gross individual income taxes paid and current residential addresses of all employees.

_____ Applicant agrees that all contractors and sub-contractors will report annually to the City Treasurer all gross individual income taxes paid and current residential addresses of all employees.

C. LEDC STAFF/ADMINISTRATION RECOMMENDATION

Name of Lead Staff Person: Karl Dorshimer

Revenue currently paid to the City by the site or project:	$ 0
Estimated total revenue to the City upon Project Completion:	$ 1,653,750
Estimated total value of City Incentive(s):	$ 1,000,219
Estimated total new net revenue to the City:	$ 653,531

Staff Comments *(indicate reasons for providing Incentive and describe any additional value to the City as a result of approval)*:

The 90,000-sf building is functionally obsolete requiring extensive interior demolition, asbestos abatement, and infrastructure improvements to make it suitable for redevelopment into modern

Class A office space. The prominent location and newly refurbished space will attract tenants helping to revitalize downtown Lansing.

Project Timeline: Starts October 1, 2019 and ends January 31, 2021

Have all appropriate City Incentive fees been received? (YES) NO

Staff Recommendation: (APPROVE) DENY MODIFY

(if DENY or MODIFY please explain in space provided below)

Administration Recommendation: (APPROVE) DENY MODIFY

(if DENY or MODIFY please explain in space provided below)

D. ADDITIONS:

1. Applicant, in seeking local legislative approval, has made certain representations to the City as more fully set forth herein.

2. The Applicant has applied for Incentive for the purpose of the overhaul of the current building conditions to revive the building into Class A office space in the heart of downtown next to the Capitol Building. The rehabilitation includes interior demolition, asbestos abatement, and infrastructure improvements of the existing office building. ("Project"). The Project is expected to hire at least 140 full-time equivalent employees (FTE) by attracting new tenants or retain at least 60 full-time equivalent employees (FTE) by retaining tenants within the City of Lansing and requiring a total hard cost investment in real property of at least $12,000,000 and personal property of at least $0, when completed. While the Developer is not anticipated to create direct jobs, it is anticipated and estimated that future tenants occupying the building will attract and retain tenants to the City, employing an estimated 200 FTEs

3. The Applicant has supplied to the LEDC all application and supporting documentation, including a list of all partners of the Applicant with an ownership interest in the Project, which in turn has been forwarded to the City prior to the approval of the Incentive.

4. The Applicant has provided to the LEDC detailed information including wage and benefit information for the Project and new, permanent full-time equivalent employees (FTE) expected to be hired or retained as a result of the Project, which in turn has been forwarded to the City prior to approval of the Incentive.

5. The Applicant and the City desire to enter into an agreement whereby the Applicant and City specify and agree on the Project performance measures under which the Incentive is granted, and some of the conditions under which such Incentive can be modified or revoked by the City and/or State of Michigan. Nothing in this Agreement supersedes or diminishes any rights of the City or the State established by Federal, State, or Local law or regulations.

6. The Lansing City Treasurer has verified in writing the Applicant is not delinquent and/or late on any property taxes owed to the City for all properties in which the applicant owns a twenty-five percent (25%) or more interest.

7. The Lansing City Treasurer has verified in writing the Applicant, if an employer in the City, is in compliance with all required City wage withholding and income reporting requirements for all of their employees.

8. The Lansing City Treasurer has verified in writing the Applicant is not delinquent and/or late on any corporate or other business income taxes owed the City, if any.

9. The LEDC has verified that all application fees due have been paid in full by the Applicant.

IV. AGREEMENT:

NOW, THEREFORE, in consideration of the recitals and mutual covenants and agreements herein contained and pursuant to MCL Act 381 of 1996 (the "Act"), as amended, the Parties agree as follows:

A. Reliance on Recitals

The Parties acknowledge Applicant has made representations contained within its application, and the recitals and additions above, with the purpose and intent of City's reliance thereon, as well as for compliance with the Act, as amended, and the City relies upon these representations in its determination that the Incentive should be approved.

B. Project Area

The location of the Project is commonly known as [insert address] ("Project Area") and legally described as follows:

W 78 FT OF N 34 FT LOT 11 & W 78 FT LOT 12 BLOCK 115 ORIG PLAT

C. Project Timeframe.

The Applicant and City agree the City's approval of the Incentive is based upon completion of the Project within a specific time period ("Project Timeframe"). The Project Timeframe starts October 1, 2019 and ends January 31, 2021, however, tenant improvements may remain and will be completed as tenants are secured.

D. Project Completion

The Applicant and the City agree that for the Project to be considered complete, the Applicant must perform all of the following in the Project Area within the Project Timeframe ("Project Completion"):

1. Hire at least 5 new, permanent full-time equivalent employees (FTE). Also, at least 30 full-time equivalent employees (FTE) shall be retained by Applicants Tenants.

2. Purchase and/or locate within the Project Area, personal property with a fair market value of at least $0. This personal property may not be moved to the Project Area from another location within the City of Lansing.

3. Make at least $12,000,000 of hard cost improvements to the real property. Improvements include only hard costs, and exclude architectural and engineering costs.

4. Obtain all necessary building permits and site plan approvals, including payment of all required fees, plus final inspections including a Certificate of Occupancy from the City of Lansing and all other appropriate authorities and agencies.

5. Upon Project Completion, the applicant will provide to the LEDC, upon request, any and all appropriate financial records that are referenced as part of this Agreement.

6. Project Completion must be performed by January 31, 2021.

7. Commitment to Hiring Local Labor and Lansing-based Firms:

The Parties, in order to clarify the intent that projects receiving development incentives from the City employ as much Local Labor as is reasonably possible agree as follows:

A. The Applicant agrees and commits to employing and contracting with as much Local Labor and Lansing-based Firms as commercially practical to complete the Construction Phase of the Project. After Local Labor and Lansing-based Firms have been deemed exhausted, the Applicant agrees and commits to employing and contracting with Regional, and then Michigan, Labor and Firms, with notice to the LEDC at each step, as described below.

B. Local Labor Preference:

i. Applicant agrees that if it deems necessary to not hire Local Labor or Lansing-based Firms for any portion of the Construction Phase of the Project, Applicant must, within 30 business days of Commencement of Project, provide to the LEDC a written statement of that fact and an explanation of why it was necessary.

ii. Applicant agrees that once it has deemed necessary to not use Local Labor or Lansing-based Firms, it will focus next on Regional Labor or Regional-based Firms to complete the Construction Phase of the Project. If Applicant deems necessary to not hire Regional Labor or Regional-based Firms for any portion of the Construction Phase of Project, Applicant must, within 30 business days of Commencement of the Project, provide to the LEDC a written statement of that fact and an explanation of why it was necessary.

iii. Applicant agrees that once it has deemed necessary to not use Regional Labor or Regional-based Firms, it will focus next on Michigan Labor or Michigan-based Firms to complete the Construction Phase of the Project. If Applicant deems necessary to not hire Michigan Labor or Michigan-based Firms or any portion of the Construction Phase of Project, Applicant must, within 30 business days of Commencement of the Project, provide to the LEDC a written statement of that fact and an explanation of why it was necessary.

C. Applicant (if applicable) agrees to post, and to contractually require its agents to post, all initial bid solicitations or request for bids ("Bid Solicitations") by the Applicant or their agents for a minimum of 15 days ("Posting Period") on the Builders Exchange of Lansing and Central Michigan ("Builders Exchange") and to document such Bid Solicitations, unless Applicant deems the use of certain contractors or subcontractors are critical to the success of the Project or portions of the Project. If Applicant bypasses Builders Exchange because it deems the use of a certain contractor or subcontractor as critical to the success of the Project or portions of the Project, Applicant must, within 30 business days of such hiring,

provide to the LEDC a written statement of that fact and an explanation of why the use of the contractor or subcontractor was so critical. The Bid Solicitations must be available to all Builders Exchange users.

D. Within 45 business days of the Completion of Construction, the Applicant must provide to the LEDC, a list of all Bidders selected to enter into an agreement to perform all or part of the work solicited in the Bid Solicitation ("Selected Bidders List"). The Selected Bidders List must include the following information:

i. Business Name
ii. Address (number, street, and apt. or suite no.)
iii. City, state, and ZIP code
iv. Telephone Number
v. Employer ID Number (EIN)
vi. Primary Contact Person (Authorized Representative)
vii. Corresponding Builders Exchange Bid Solicitation Number

E. The Applicant will not be required to participate in the above Bidding Process, if doing so would result in the violation of federal rules, including but not limited to, homeland security or the disclosure of classified information.

F. The City acknowledges and agrees that some information submitted by Applicant is confidential and proprietary. Accordingly, the City agrees to reasonably assert to the extent applicable to the information provided and as allowable by law, that such information reported by Applicant to the City is exempt from disclosure pursuant to, including without limitation Section 13 of, the Michigan Freedom of Information Act, 1976 PA 442, as amended.

8. Commitment not to relocate tenants from existing properties located within the Lansing Tax Increment Financing Authority District.

The Applicant agrees that no tenant will be relocated to the Project Area from other buildings within the existing TIFA District ("Relocating Tenant") during the life of this Agreement unless:

(i) prior to the date of the Approval of this Agreement by all parties, Applicant has entered into a lease with a Relocating Tenant; or

(ii) the rental rate being paid by the Relocating Tenant to Applicant is at or above Fair Market Rental rates (as defined below) for the Downtown Lansing TIFA District, and Applicant complies with the following:

a. Applicant will provide the Lansing Economic Development Corporation (LEDC), or its successor, if none, to the City

of Lansing Clerk, with a copy of the Letter of Intent entered into with the Relocating Tenant.

b. The LEDC shall have twenty one (21) days after receipt of the Letter of Intent and Fair Market Rental analysis to provide its comments regarding the potential lease to the Applicant, however, the LEDC shall not have any approval rights over whether or not Applicant enters into a lease with the Relocating Tenant.

(iii) the rental rate being paid by the Relocating Tenant to Applicant is below Fair Market Rental rates (as defined below) for the Downtown Lansing TIFA District, subject to the below requirement.

a. Applicant will provide the Lansing Economic Development Corporation, or its successor, if none, to the City of Lansing Clerk, with a copy of the Letter of Intent entered into with the Relocating Tenant.

b. The LEDC shall have twenty-one (21) days after receipt of the Letter of Intent and Fair Market Rental analysis to provide its objections and comments regarding the potential lease to the Applicant. In order to enter into a lease at a rate that is below Fair Market Rental for the Downtown Lansing TIFA District, the Applicant will be required to have LEDC consent. If the LEDC does not comment or object within the twenty-one (21) day period, then it shall be automatically deemed that the LEDC has approved of Applicant entering into the proposed lease without any further written documentation or approval.

Fair Market Rental rate shall mean the total annual compensation being paid, within 12 months of the Fair Market Rental rate assessment, for space comparable to the premises in buildings comparable to the Project Property which are located in the Lansing, Michigan TIFA District (or area that consisted of the TIFA District at the time of executing this agreement should the TIFA District no longer exist), taking into account location, condition and improvements to the space.

Fair Market Rental rate shall be established by, at the discretion of Applicant, either CBRE Group or Jones Lang LaSalle, their successors, or assigns (provided that at the time of providing the Fair Market Rental the selected firm is not the leasing agent for the Project Property). The Fair Market Rental rate established pursuant to the foregoing shall be final and binding on the matter.

If Applicant defaults in its obligations under this section, all of the remedies provided in section M of the Agreement shall apply.

E. Project Completion Progress Reports

The Applicant shall file an annual report with the LEDC on the Applicant's progress toward achieving Project Completion. Reports shall be submitted in compliance with all LEDC reporting requirements (on-line, not of a proprietary nature but based on information contained in this agreement). Applicant understands and agrees that the information submitted to the LEDC will be available for public viewing, unless prior approval is requested and granted for specific confidential business information that is not subject to disclosure under the Freedom of Information Act (Public Act 442 of 1976, being MCL 15.231 et. seq., as amended). Non-compliance with reporting requirements may result in the modification or revocation of the Incentive.

Lack of performance and compliance with this agreement, may be considered as relevant information in consideration of the approval of all future incentive applications to the LEDC or City by the Applicant or any person or entity with (25%) or more ownership in the Project.

F. Verification of Project Completion

No later than thirty (30) days after the end of the Project Timeframe, the Applicant shall provide in writing to the LEDC a Final Project Completion Report ("Final Report on-line") with proof of Project Completion. Acceptable forms of proof may include, as directed by LEDC, proof of employment, proof of paid invoices, executed and filed tax documentation, final financing documents and similar material which confirm original financial data, engineering and architectural "as-built" drawings, photographs, and other like evidence of completion of the Project in the Project Area. If at any time during the Project Timeframe the Applicant completes the Project as agreed upon in Section (4), the Applicant may submit the Final Project Completion Report to the LEDC online.

G. Consideration of Applicant's Compliance with the Agreement.

Within 60 days of receiving the Final Report, or 90 days after the end of the Project Timeframe, the LEDC shall make a preliminary determination if the Applicant has achieved Project Completion. In the event the preliminary determination concludes the Project was completed per this Agreement, written notification of such finding shall be sent from the LEDC to the Applicant and the City of Lansing Finance Director. In the event the LEDC makes the determination the Applicant did not complete the project per this Agreement, the LEDC will forward in writing its findings and a recommended course of action to the Applicant and the City of Lansing Finance Director. Prior to any action that might lead to the modification or revocation of all or part of the Incentive, the City shall offer the Applicant the reasonable opportunity to appear before the Council and be heard. In the event of the revocation of all or part of the Applicant's Incentive, the City may consider the breach of contract when contemplating the approval of all future Incentive applications to the City by the Applicant or any partners listed as required in the Recitals.

H. Failure of Applicant to Pay Tax Applicable to Personal Property

If any property tax applicable to the personal property that makes up the project is not paid within the time permitted by law for payment without penalty during the life of the Incentive being granted by this Agreement, the City may seize and sell the personal property to pay the tax, expenses of sale, and interest on the tax, or may commence civil litigation to recover the amount of tax an interest thereon, in accordance with Michigan law.

I. Failure of Applicant to Pay Tax Applicable to Real Property

If any property tax applicable to the real property that makes up the project is not paid within the time permitted by law for payment without penalty during the life of the Incentive being granted by this Agreement, the City may place a lien on the real property. The City may enforce the lien in the same manner as provided by law for the foreclosure in the circuit courts of mortgage liens upon real property, in accordance with Michigan law.

J. Sale of All or Part of Property to a Tax-Exempt Entity

The Parties acknowledge that due to the location of the Project Property of 123 West Allegan Street, Lansing, Michigan 48933, legally described as W 78 FT OF N 34 FT LOT 11 & W 78 FT LOT 12 BLOCK 115 ORIGINAL PLAT within the City of Lansing's downtown business district, future tax revenue from the private development and ownership of the Project Property is a material part of the consideration to the City for this Agreement.

The City of Lansing - Tax Increment Financing Authority (TIFA) shall forgo tax capture of an amount up to $2,855,750 to allow the Lansing Brownfield Redevelopment Authority (LBRA) to reimburse the Applicant for Eligible activities per a brownfield plan over twenty-one (21) years after Project Completion. Thus, it is in the City and TIFA's interest ensure their revenue expectations are still met in the event that future property tax capture is reduced by the sale of all or part of the Project Property to a tax-exempt entity.

Therefore, the Applicant agrees not to transfer or close on the sale of all or part of the Project Property to an entity that will result in any of the Project Property becoming tax exempt until the year after Project Completion.

Additionally, the Applicant agrees to the following:

1. It is the intent of all Parties that the entire Project Property will be placed on the tax rolls and remain on the tax rolls for a period of not less than thirty-one (31) years commencing with the date of the Project Completion.

In the event that any portion or all of the Project Property is removed from the tax rolls after Project Completion (the "Sale Event"), the Applicant will reimburse the TIFA as follows:

a. If any portion or all of the Project Property is sold prior to 21 years after Project Completion, and any portion or all of the Project Property is removed from the tax rolls, then Applicant will be required to pay to the TIFA an amount equal to all LBRA reimbursement payments paid to Applicant during the 21-year period plus 10% of said amount, as liquidated damages since the parties agree that damages beyond the LBRA reimbursements will exist but are difficult to calculate due to changing millage rates and market conditions that cannot be known at the time this Agreement is entered into. Applicant may pay this amount in a lump sum payment or pay the amount in equal annual installments over a period of 10 years with interest at the rate of four (4%) percent per annum. If Applicant elects to pay the amount in a lump sum, the lump sum will be due and payable at or before the closing on any transfer or sale of all or part of the Project Property to an entity that results in part of the Project Property becoming tax exempt, unless the Applicant elects to make annual payments. If Applicant elects to pay the amount in annual installments, the annual payments shall be due and payable on or before June 15, commencing in the year the part of the Project Property is no longer taxed and continuing June 15 of each year for the remaining time. At the time that Applicant elects to pay the amount owing in annual installments, and prior to closing on any transfer or sale of all or part of the Project Property to an entity that results in part of the Project Property becoming tax exempt, the Applicant will secure its repayment obligation by providing a Letter of Credit in favor of the TIFA from a financial institution reasonably approved by the City. The Letter of Credit will be renewed annually and will be an amount equal to the remaining amount owing. Such amount will be reduced each year after the annual payment is made by the Applicant. In the event payment is not made as provided for in this Agreement then the TIFA will have the right to present the Letter of Credit for payment of the remaining lump sum amount due.

b. If any portion or all of the Project Property is sold at any time more than 21 years but less than 32 years after Project Completion, and any portion or all of the Project Property is removed from the tax rolls, then Applicant shall pay to the TIFA the amount of $1,000,000 since the parties agree that damages will exist but are difficult to calculate due to changing millage rates and market conditions that cannot be known at the time this Agreement is entered into. Applicant may pay this amount in a lump sum payment or pay the amount in equal annual installments over a period of 10 years with interest at the rate of four (4%) percent per annum. If Applicant elects to pay the amount in a lump sum, the lump sum will be due and payable at or before the closing on any transfer or sale of all or part of the Project Property to an entity that results in part of the Project Property becoming tax exempt, unless the Applicant elects to make annual payments. If Applicant elects to pay the amount in annual installments, the annual payments shall be due and payable on or before June 15,

commencing in the year the part of the Project Property is no longer taxed and continuing June 15 of each year for the remaining time. At the time that Applicant elects to pay the amount owing in annual installments, and prior to closing on any transfer or sale of all or part of the Project Property to an entity that results in part of the Project Property becoming tax exempt, the Applicant will secure its repayment obligation by providing a Letter of Credit in favor of the TIFA from a financial institution reasonably approved by the City. The Letter of Credit will be renewed annually and will be an amount equal to the remaining amount owing. Such amount will be reduced each year after the annual payment is made by the Applicant. In the event payment is not made as provided for in this Agreement then the TIFA will have the right to present the Letter of Credit for payment of the remaining lump sum amount due.

c. If any portion or all of the Project Property is sold at any time after the end of 31 years after Project Completion, and irrespective of whether any portion or all of the Project Property is removed from the tax rolls, the Applicant will not have any obligation for any reimbursement or payment to the TIFA.

K. City's Rights under Act

Nothing in this Agreement shall supersede the City's ability to request the State Tax Commission to revoke the Incentive as otherwise provided, or as may hereafter be provided, under the Act, as amended. Nothing in this Agreement supersedes or diminishes any rights of the City or the State established by Federal, State, or Local law or regulations.

L. Ambiguity

If this Agreement or any of its terms and conditions is determined to be ambiguous, this Agreement and all its terms and conditions shall be considered as if drafted by both parties.

M. Rights and Remedies Cumulative

The Parties shall have all the rights and remedies available at law, in equity or in this Agreement to enforce the rights and obligations under this Agreement. All remedies shall be cumulative and none will be exclusive of any other. The exercise by either party of any one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or breach or of any of its remedies for any other default or breach by the other party. No waiver made by either such party with respect to the performance, or manner or time thereof, or any obligation under the Agreement shall be considered a waiver of any rights of the party making the waiver with respect to the particular obligation of the other party or condition to its own obligation beyond those expressly waived in writing and to the extent thereof, or a waiver in any respect in regard to any other rights of the party making the waiver or any other obligations of the other party.

N. Right In Third Parties

This Agreement is not intended nor shall it create any rights, expectations or benefit to any third parties, including any creditor of the parties.

O. Severability

The invalidity of any portion of this Agreement shall not affect the validity of the remainder thereof.

P. Subsequent Waivers

One or more waivers of any provision, covenant, or condition of this Agreement shall not be construed as a waiver of a subsequent breach of the same provision, covenant, or condition, or as a waiver of a subsequent breach of other provisions, covenants, or conditions. The consent or approval to or for any act shall not be deemed to render unnecessary the consent or approval to or for any subsequent similar act.

Q. Termination

This Agreement terminates upon the end of the life of the incentive with the exception of Item J - Sale of All or Part of Property to a Tax-Exempt Entity.

R. Authority.

The Applicant's execution, delivery and performance of this Agreement have been duly authorized. The Applicant's representative executing this Agreement does so with requisite authority to fully and completely bind the Applicant.

IN WITNESS WHEREOF, the undersigned Parties hereto execute this Agreement as of the day and year first above written.

WITNESSES:

_____

_____

_____

_____

_____

_____

APPLICANT NAME: Allegan Property, LLC

By: _____

Its: Member

CITY OF LANSING:

By: _____
Andy Schor

Its: Mayor

LANSING ECONOMIC DEVELOPMENT CORPORATION:

By: _____
Karl R. Dorshimer

Its: Authorized Representative

Approved as to form:

_____
James Smiertka
City Attorney

I hereby certify that funds are available in Account No.: _____

_____
City Controller

Farnum Building Renovation

Brownfield Plan Presentation

August 2019

Boji Group

Real Estate Developers

Property Managers

Construction Managers

Specializing in Private-Public Partnerships

Boji Tower
124 W. Allegan St., Ste. 2100
Lansing, Michigan 48933
www.bojigroup.com

Farnum Building
123 W Allegan Street
Lansing, Michigan

- 10-story, 90,000 sf office building located at the SEC of Capitol Avenue and Allegan
- Constructed in 1959 for Michigan National Bank and named for its founder, Howard Stoddard (aka “Stoddard Building”)
- Connected to the Boji Tower by underground tunnel
- Purchased by the Michigan Senate in 1978 and renamed the Billie S. Farnum Building Vacated by the Senate in December 2016
- Sold by the State of Michigan through competitive bid in 2018
- Listed for lease with Martin Commercial-2019

Boji Group

Real Estate Developers

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Lansing, Michigan 48933
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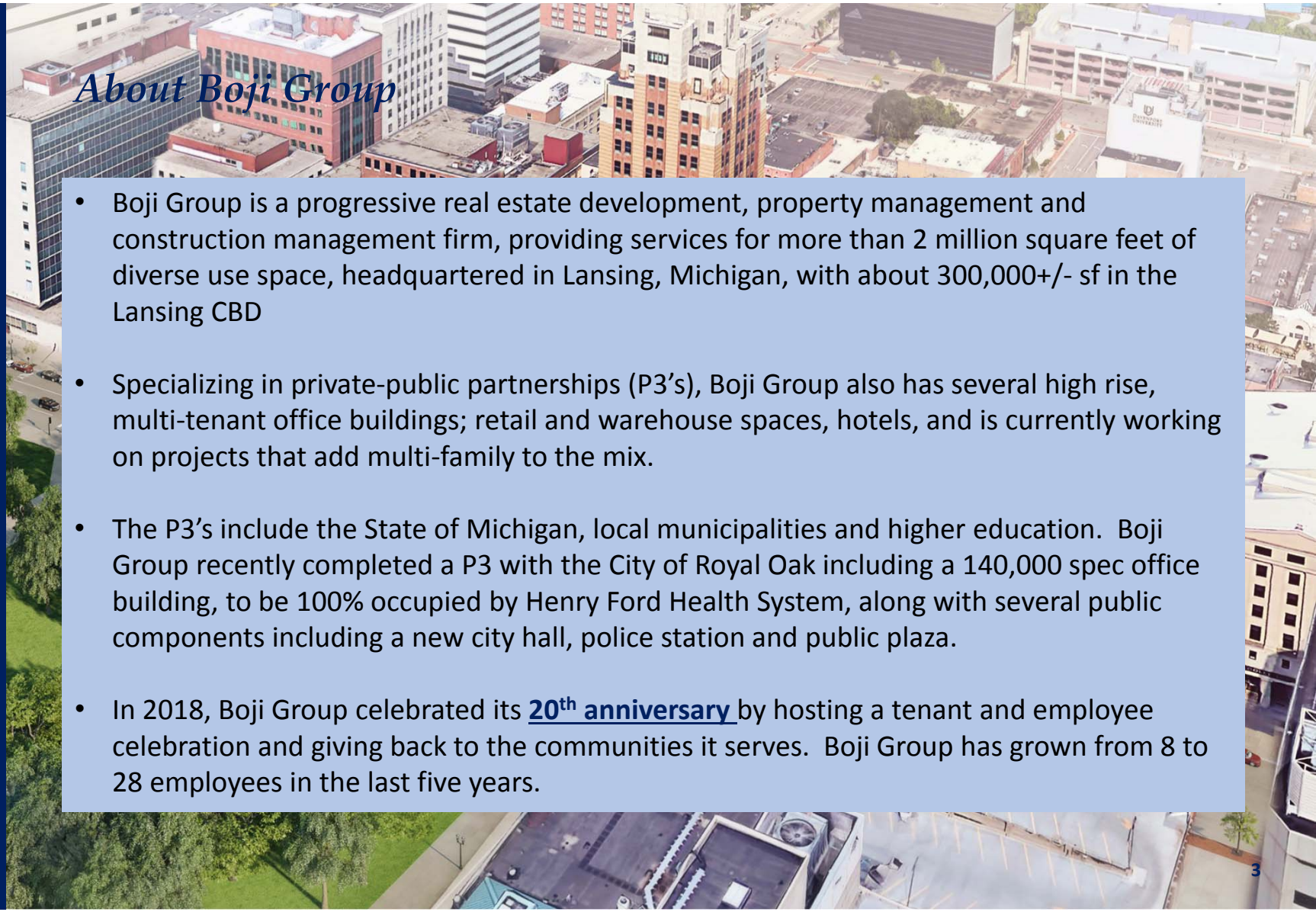

About Boji Group

- Boji Group is a progressive real estate development, property management and construction management firm, providing services for more than 2 million square feet of diverse use space, headquartered in Lansing, Michigan, with about 300,000+/- sf in the Lansing CBD

- Specializing in private-public partnerships (P3's), Boji Group also has several high rise, multi-tenant office buildings; retail and warehouse spaces, hotels, and is currently working on projects that add multi-family to the mix.

- The P3's include the State of Michigan, local municipalities and higher education. Boji Group recently completed a P3 with the City of Royal Oak including a 140,000 spec office building, to be 100% occupied by Henry Ford Health System, along with several public components including a new city hall, police station and public plaza.

- In 2018, Boji Group celebrated its **20th anniversary** by hosting a tenant and employee celebration and giving back to the communities it serves. Boji Group has grown from 8 to 28 employees in the last five years.

Boji Group

Real Estate Developers

Property Managers

Construction Managers

Specializing in Private-Public Partnerships

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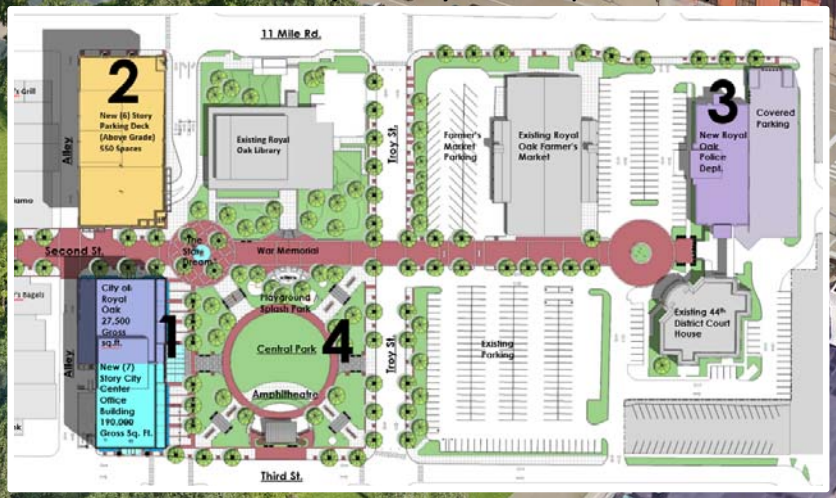
124 W. Allegan St., Ste. 2100
Lansing, Michigan 48933
www.bojigroup.com

Recent Projects

P3- City of Royal Oak | Municipal Facilities and Private Office Building - HFHS



Boji Group

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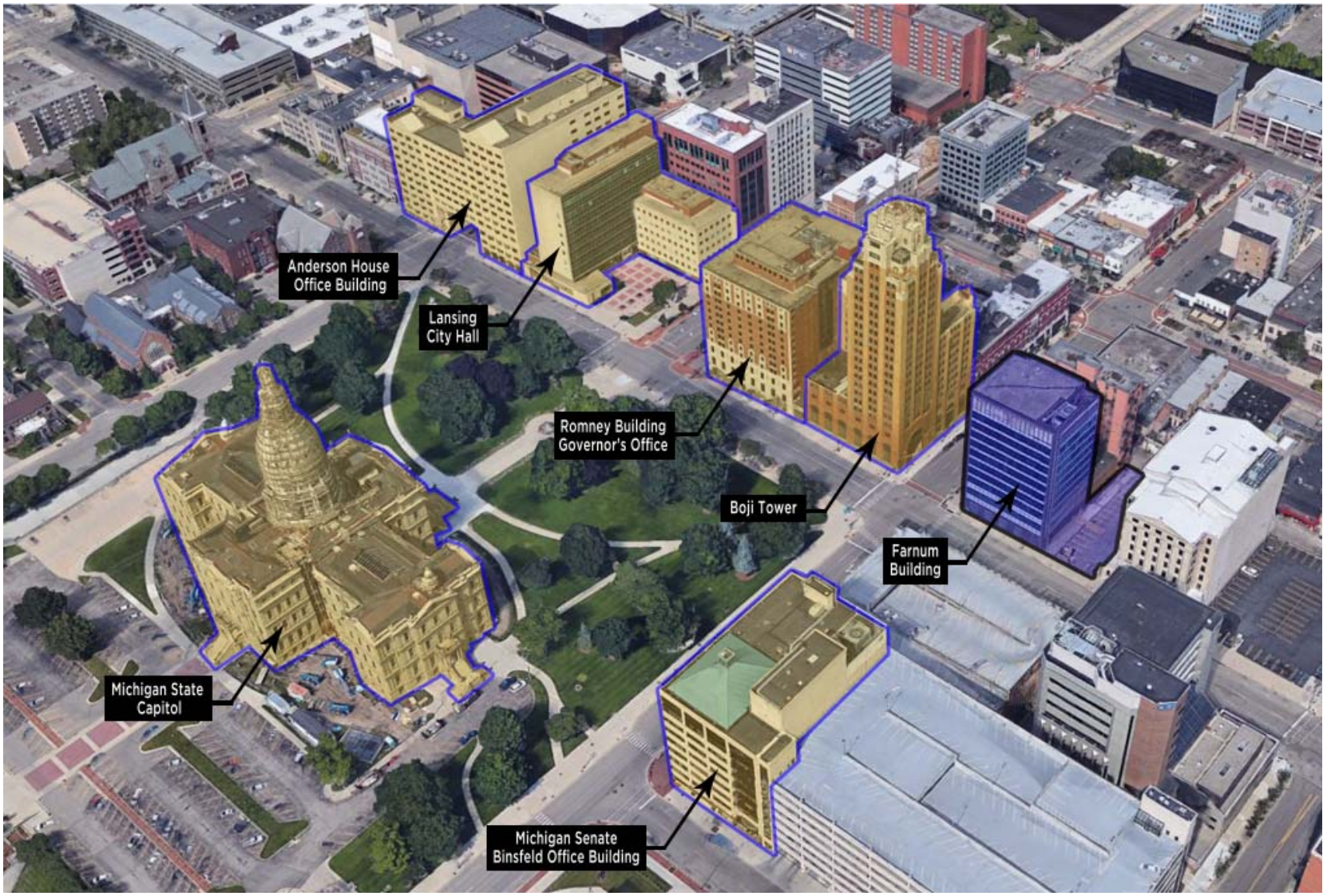

Relationship to State and City Offices

Boji Group

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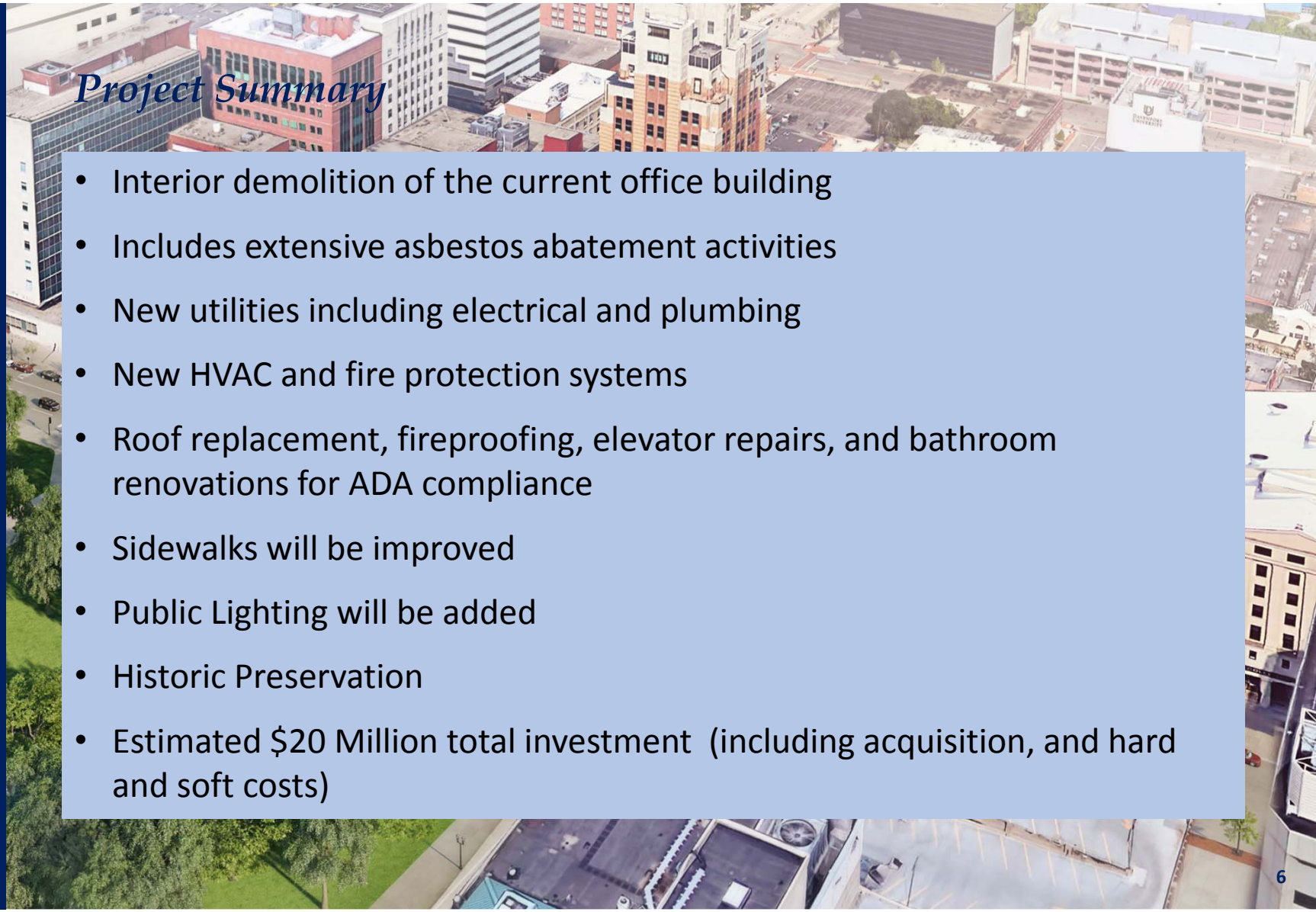

Project Summary

- Interior demolition of the current office building
- Includes extensive asbestos abatement activities
- New utilities including electrical and plumbing
- New HVAC and fire protection systems
- Roof replacement, fireproofing, elevator repairs, and bathroom renovations for ADA compliance
- Sidewalks will be improved
- Public Lighting will be added
- Historic Preservation
- Estimated $20 Million total investment (including acquisition, and hard and soft costs)

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Conceptual Rendering

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Project Schedule

Core & Shell | Tenant 1-Floors 9 (partial) and 10

Task Name	Target Completion
Property Acquired	4/16/19
Brownfield Approvals	9/30/19
Abatement/Demolition	4/01/20
Substantial Completion for Tenant Floor 9 (partial) and 10	8/10/20
Punchlist (9 and 10)	9/01/20
Project Complete	1/15/21

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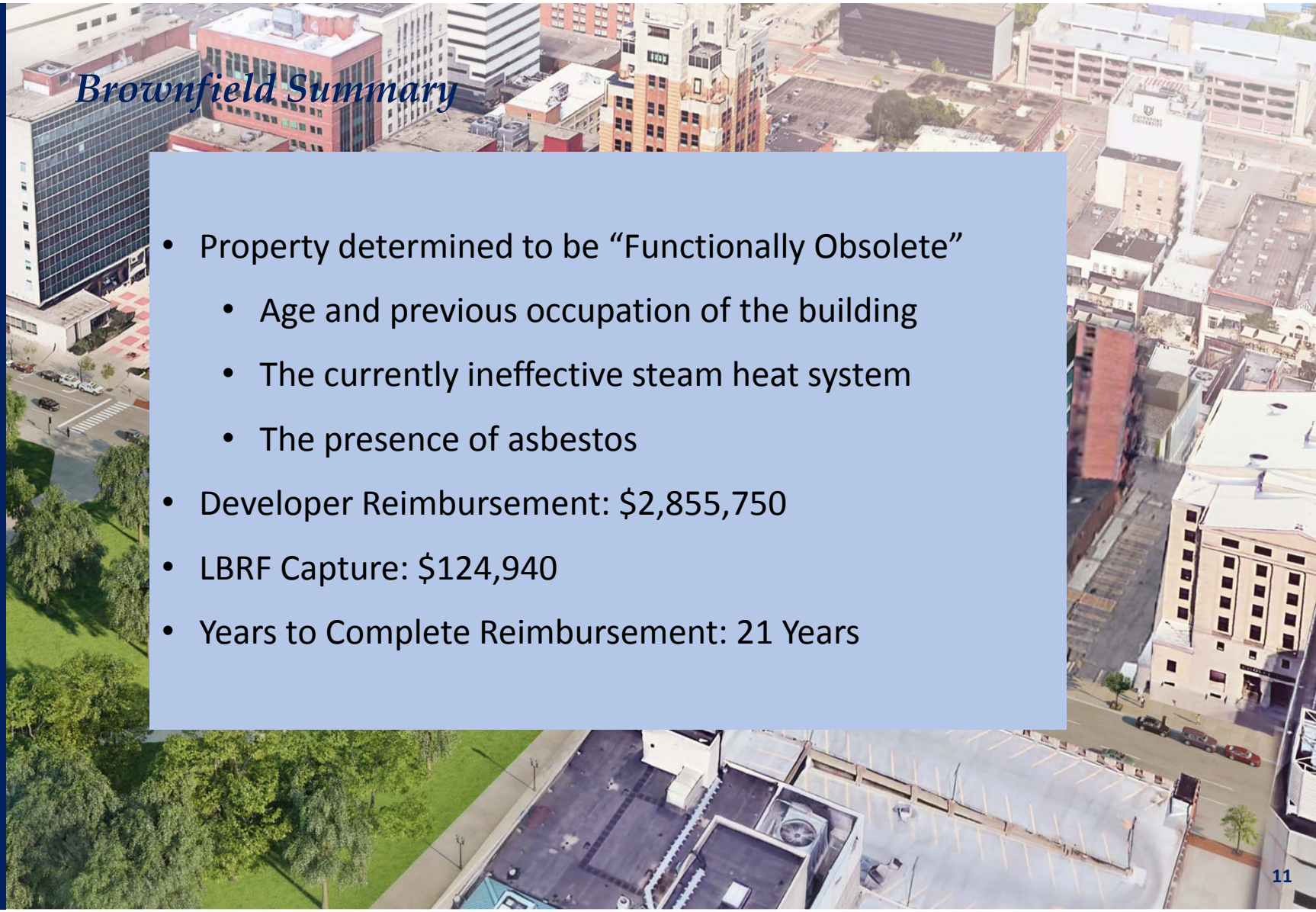

Brownfield Summary

- Property determined to be "Functionally Obsolete"
  - Age and previous occupation of the building
  - The currently ineffective steam heat system
  - The presence of asbestos
- Developer Reimbursement: $2,855,750
- LBRF Capture: $124,940
- Years to Complete Reimbursement: 21 Years

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Brownfield Eligible Activities

MDEQ Act 381 Eligible Activities Total:		$32,300
Pre-Approved Activities	$32,300	
MSF Act 381 Eligible Activities Total:		$2,403,000
Demolition	$100,000	
Asbestos and Lead Abatement	$2,263,000	
Infrastructure Improvements	$40,000	
Preparation of Brownfield Plan and Act 381 Work Plan		$30,000
Implementation of a Brownfield Plan and Act 381 Work Plan		$30,000
15% Contingency		$360,450
TOTAL		**$2,855,750**
Local Brownfield Revolving Fund Capture		$124,940
LBRA Administrative Capture		$124,940
State Brownfield Fund Capture		$171,505

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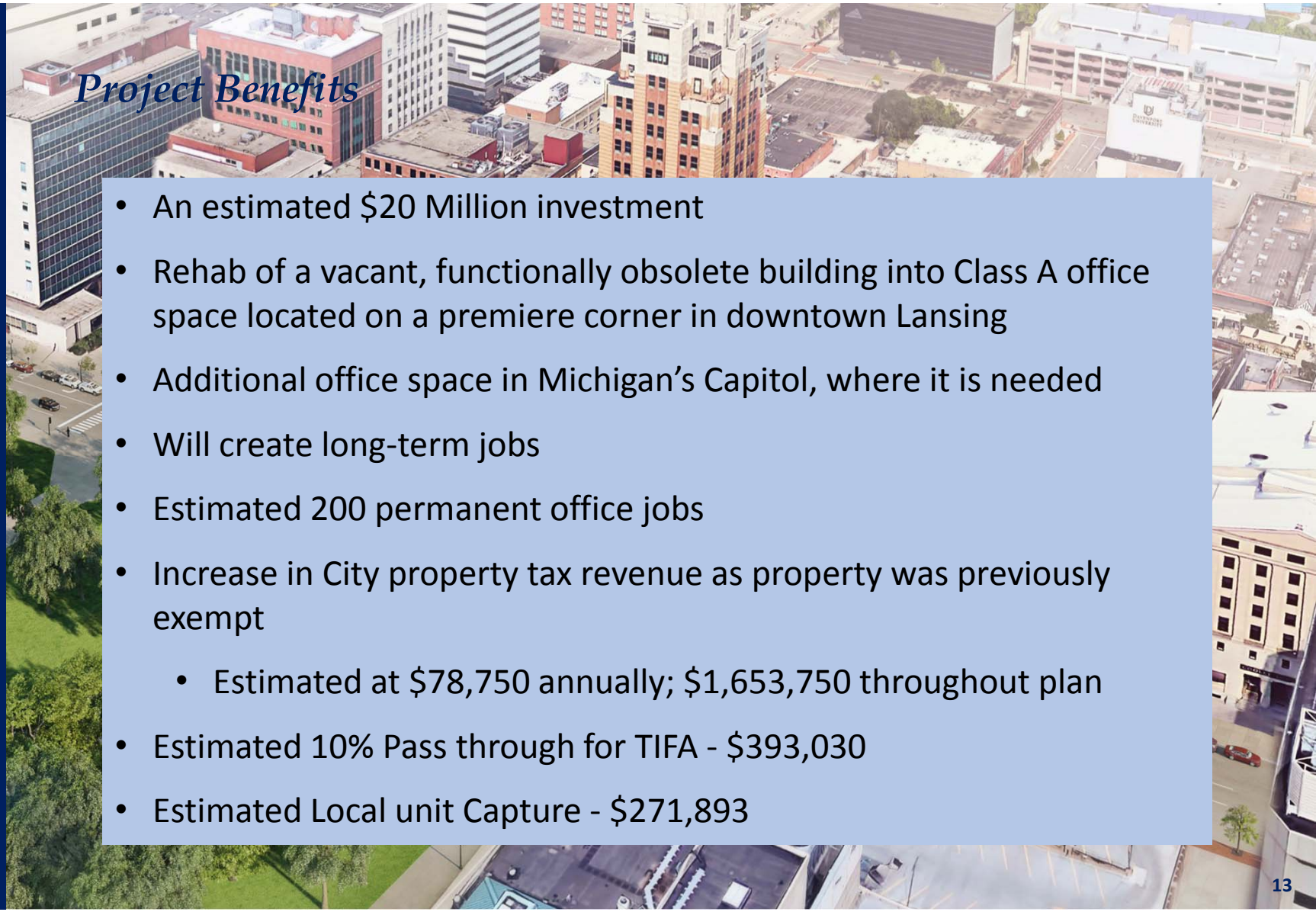

Project Benefits

- An estimated $20 Million investment
- Rehab of a vacant, functionally obsolete building into Class A office space located on a premiere corner in downtown Lansing
- Additional office space in Michigan's Capitol, where it is needed
- Will create long-term jobs
- Estimated 200 permanent office jobs
- Increase in City property tax revenue as property was previously exempt
  - Estimated at $78,750 annually; $1,653,750 throughout plan
- Estimated 10% Pass through for TIFA - $393,030
- Estimated Local unit Capture - $271,893

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Thank You

BY THE COMMITTEE ON DEVELOPMENT AND PLANNING
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING
RESOLUTION APPROVING BROWNFIELD PLAN #76
FARNUM BUILDING REDEVELOPMENT PROJECT

WHEREAS, the Brownfield Redevelopment Authority (the 'Authority') of the City of Lansing, pursuant to and in accordance with the provisions of the Brownfield Redevelopment Financing Act, Public Act, Public Act 381 of 1996, as amended, (the 'Act') has prepared a Brownfield Plan, submitted to Council and placed on file in the office of City Clerk, LBRA Brownfield Plan #76 – Farnum Building Redevelopment Project (the 'Plan'); and

WHEREAS, a public hearing was held by the Lansing City Council on August 26, 2019 and at least 10 days before the public hearing the taxing jurisdictions were provided notice to be fully informed about the fiscal and economic implications of the proposed Plan and given a reasonable opportunity to express their views and recommendations regarding the Plan in accordance with Section 13 (10) and 14(1) of the Act; and

WHEREAS, the Lansing City Council, before and during its public hearing on August 26, 2019 reviewed testimony and evidence regarding the Plan, and found that:

1. the Plan provides for the reimbursement of costs attributable to eligible activities to the developer and the Authority,

2. the Project includes, in addition to the eligible activities identified in the Plan, the redevelopment of the property,

3. the Project may result in new private investment of approximately $20 million.

4. the Plan provides for the capture of property tax increment revenues due to the private investment on the site, and devotes them to repaying the Authority for its costs associated with eligible activities it performs, and to repaying the developer for their costs associated with eligible actives they perform, in accordance with the Plan,

WHEREAS, the Authority Board of Directors, at its meeting on July 12, 2019, unanimously recommended approval of the Plan, for this Project; and

WHEREAS, the City of Lansing Department of Economic Development and Planning has determined the proposed Project is consistent with local development and redevelopment plans and zoning ordinances, and

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council, after having duly

considered the Plan, finds it is in compliance with the provisions of the Act and further finds:

- The Plan constitutes a public purpose under the Act;
- The Plan meets all of the requirements for a Brownfield Plan set forth in Section 13 of the Act;
- The proposed method of financing the costs of the eligible activities, as described in the Plan, is feasible and the Authority has the ability to arrange the financing;
- The costs of the eligible activities proposed in the Plan are reasonable and necessary to carry out the purposes of the Act; and
- The amount of the captured taxable value estimated to result from the adoption of the Plan is reasonable; and
- The proposed project is consistent with local development and redevelopment plans and zoning ordinances as has also been determined by the City of Lansing Department of Economic Development and Planning.

BE IT FURTHER RESOLVED that the Lansing City Council hereby approves the LBRA 'Brownfield Plan #76 – Farnum Building Redevelopment Project'.