

On Jul 12, 2019, at 4:40 PM, Alice Dreger <alicedreger@gmail.com> wrote:

Dear Tim [Dempsey, Director of Planning] and Jill [Feldpausch, Finance Director],

I know from the Master Development Agreement on Center City that the ground lease payments don't commence until there is a CO on the parking garage. A recent FOIA request turned up only a temporary CO (for the first floor) of the parking garage. Does that mean that the lease payment clock still has not commenced? Or did it commence with the temp CO?

If it has not commenced, day you have an estimate of when it will commence?

I also noted reading the MDA that for the first year the lease payment is based on the percentage of retail space leased. Do you have a percentage of the leased space at this time? What information can you provide about that?

Many thanks.

Alice

-----Original Message-----

From: Alice Dreger <alicedreger@gmail.com>

Sent: Tuesday, July 16, 2019 3:06 PM

To: Tim Dempsey <tdempse@cityofeastlansing.com>; Jill Feldpausch <jfeldpa@cityofeastlansing.com>

Subject: Re: Center City ground lease

Hi, Tim and Jill,

Any information on this?

Thanks.

Alice

From: Jill Feldpausch <jfeldpa@cityofeastlansing.com>

Subject: RE: Center City ground lease

Date: July 16, 2019 at 3:27:20 PM EDT

To: Alice Dreger <alicedreger@gmail.com>

X-Originating-Ip: [216.176.26.50]

Alice

Sorry, I do not have this information.

Thank you

Jill

Jill Feldpausch, CPA
Finance Director
City of East Lansing, MI
517.319.6875

jfeldpa@cityofeastlansing.com

From: Alice Dreger <alicedreger@gmail.com>
Sent: Wednesday, July 17, 2019 7:34:52 AM
To: Mark Meadows <mmeadows@cityofeastlansing.com>; Mark Meadows <m1831@aim.com>
Subject: Fwd: Center City ground lease

Mark [Meadows, Mayor],

Here's the chain with Tim and Jill in which I've been trying to find out:

1. Does the temporary CO for the parking garage (B2) start the clock on the Center City ground lease payments? (It appears not based on Jill's response. I've attached the temp CO. The Building Dept. confirmed for me yesterday there is no more recent CO than this one.)

2. What is the anticipated date of the permanent CO for the parking garage, or whatever CO will start the lease payment clock?

3. How much of the Albert Ave. (B1) retail space is officially counting as "leased"? (The first year of the ground lease is based on what percentage of the Albert Ave. retail space is leased.)

I've been trying to find this out since last week. As you can see, Jill indicated yesterday she has no information on this.

Thanks.

Alice

On Jul 18, 2019, at 9:50 AM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

Early August for the full parking garage C of O. You should ask Center City folks about the percentages. Doubt if Barrio or Jolly Pumpkin would have gone thru the LCC process without a lease.

MSM

On Jul 18, 2019, at 2:01 PM, Alice Dreger <publisher@eastlansinginfo.org> wrote:

Dear Mark [Bell] and Steve [Willobee],

The mayor, Greg Ballein, and city staff directed me to ask this question of you. As you know, the development agreement pegs the first-year ground-lease payment to the percentage of retail space leased in B1 (Albert Ave. retail space). It's based on square footage. What percentage is leased at this time?

Thanks.

Alice

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On Jul 20, 2019, at 4:31 PM, Steve Willabee <steve@harbor-bay.com> wrote:

Hi, Alice.

Thank you for your inquiry about our first-year ground lease payment. As you accurately state, we are fully aware of our obligations within the agreements. At this moment, we are working with the City on this. As soon as this is completed, we will let you know. To date, Foster Coffee, Barrio, and Jolly Pumpkin are the three tenants committed to be a part of Center City along Albert Avenue.

Regards,
Steve Willabee
Vice President, Government Affairs & Public Relations
Harbor Bay Real Estate Advisors
3412 Commercial Ave., Northbrook, IL 60062
(517) 416-1855 | steve@harbor-bay.com

On Aug 19, 2019, at 8:56 AM, Alice Dreger <publisher@eastlansinginfo.org> wrote:

Hi, Steve,

Looping back around. The parking garage is fully open. When will the ground lease payments to the city begin (what's the start date and what's the first payment date?), and what amount will the first payment be? Thanks.

Alice

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On Aug 21, 2019, at 2:51 PM, Alice Dreger <publisher@eastlansinginfo.org> wrote:

Steve [Willabee], Mark [Bell], George [Lahanas], Annette [Irwin], Greg [Ballein], Tom [Fehrenbach],

Can anyone answer these questions? When will the ground lease payments to the city begin — what's the start date and what's the first payment date? What amount will the first payment be?

Thanks.

Alice

From: Alice Dreger <publisher@eastlansinginfo.org>
Sent: Monday, August 26, 2019 7:22:20 AM
To: Mark Meadows <mmeadows@cityofeastlansing.com>
Cc: Steve Willobee <steve@harbor-bay.com>; Mark Bell <mark@harbor-bay.com>; George Lahanas <glahana@cityofeastlansing.com>; Annette Irwin <airwin@cityofeastlansing.com>; Greg Ballein <GBallein@sbsmsu.com>; Thomas Fehrenbach <tfehren@cityofeastlansing.com>; City Council <council@cityofeastlansing.com>
Subject: Re: Albert Ave. retail leases

Dear Mayor,

I saw on Facebook your discussion with Matt Kazmierski about the Center City deal. As per below, I've been trying (for weeks) and failing to get any answers on when the ground lease payments will begin and how much they will be for at the start.

Could you answer the question?

(On August 19 I assumed the garage was fully open because of the announcement from the City. I now understand the top floor of permit parking was not yet open.)

Thanks.

Alice

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On Aug 26, 2019, at 8:08 AM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

Dear Alice,

I will be back the 29th and will go through the development agreement and make sure you get an answer as soon as I get a chance after that. As I recall, lease payments commence with a CO and there is no mention of a TCO in the DA? I am unsure of the total percentage of the 23000 feet of retail space taken up by the current tenants but can probably get that number then too.

Obviously, the City wants those payments to start ASAP and wants them to be as large as possible.

MSM

From: Alice Dreger <publisher@eastlansinginfo.org>
Sent: Wednesday, September 4, 2019 7:46:38 AM
To: Mark Meadows <mmeadows@cityofeastlansing.com>
Subject: follow up questions

Dear Mark,

I have follow-up reporting questions from last night.

[Segment removed on Council operating procedures question.]

On the Center City ground lease issue, how is the figure of 51% arrived at with regard to what is included? Is that Jolly Pumpkin, Barrio Tacos, and Foster Coffee's square footage in total?

If not, which does it include?

What are the estimated lease start dates for these retail businesses?

When you indicate that the CO is expected on October 1, doesn't that mean the first lease payment (and the lease commencement) would not be due until November 1? (That's what the agreements seem to suggest.) Or are you saying you expect the CO by September 30?

So, basically Center City is open and what we have is mostly student housing and it is being subsidized by CoEL property taxpayers in terms of services, right? Homeowners in East Lansing are subsidizing new, expensive student housing, right?

Thanks.

Alice

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On Sep 4, 2019, at 10:29 AM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

As to the Albert Avenue Retail, there is 23,650 sq ft to be leased. Barrio has leased 4,285 sq ft, Jolly Pumpkin has leased 5,895 sq ft and Foster Coffee has leased 1,938 sq ft for a total of 12,118 sq ft or appx 51% of the sq footage at this time.

I think you are right that, assuming a CO for the garage by Sept 30, the first lease payment would be in Nov. I don't think the commencement of the lease payments in the leases signed by tenants restrict the DA language. They are currently leased for purposes of the DA as far as I am concerned.

[Segment removed on answers to questions about operating procedures for Council.]

From: Alice Dreger <publisher@eastlansinginfo.org>

Sent: Thursday, September 5, 2019 8:32 AM

To: Mark Meadows <mmeadows@cityofeastlansing.com>

Subject: Re: follow up questions

Mark,

I was composing a message to the Harbor Bay folks to get their confirmation on the understanding of the ground lease when I realized I'm still not understanding your understanding.

As you know, a TCO has been issued for partial opening of the garage. That apparently did not trigger the start of the ground lease.

In your message, you refer to "a CO for the garage [possibly issued] by Sept 30," which suggests you think that the trigger for the start of the ground lease is a temporary CO that allows for full use of the garage. Is that right?

So what you're looking for is a TCO that no longer restricts public access to any part of the garage?

Thanks.

Alice

On Sep 7, 2019, at 12:06 AM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

I don't think any part of the garage is restricted for use. I was referring to a CO for building B2, which includes the garage.

Mark

From: Alice Dreger, Publisher <publisher@eastlansinginfo.org>

Sent: Saturday, September 7, 2019 12:59 AM

To: Mark Meadows <mmeadows@cityofeastlansing.com>

Subject: Re: follow up questions

The top floor of the garage is not yet cleared on the TCO.

Harbor Bay doesn't respond to requests for confirmation of your reads. Have they agreed a TCO counts, and have they agreed that the leases (totaling 51%) have started for purposes of the DA clause about ground lease commencement?

Alice

On Sep 8, 2019, at 11:54 PM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

I am not clear on what you are talking about. All parking is available. Do you mean the amenity deck for the senior apartments as the "top floor"? According to this week's construction report it gets its landscaping and green roof this week. It is B2 that gets its CO (I'm told) by the end of the month. That is

the parking and the senior apt bldg. which includes the amenity deck. I don't know what you are asking about the leases. I got the information I gave you from HB. The leases are signed. When they start paying their rent to HB has nothing to do with that.

Mark

From: Alice Dreger <publisher@eastlansinginfo.org>
Sent: Monday, September 09, 2019 7:34 AM
To: Mark Meadows <mmeadows@cityofeastlansing.com>
Subject: Re: follow up questions

Mark,

So you are saying that the lease payments will start on October 1 and the first payment will be \$8,500?

If that's not right, tell me what dates you think they will start and the amount.

That is all I've been trying to ascertain, and it's been remarkably difficult. Thanks.

Alice

On Sep 9, 2019, at 10:18 AM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

I am saying that I am told that a CO for Building 2 is likely by the end of the month and that leases have been signed for 51% of the leasable space on Albert. You have been asking about this for how long?

Mark

From: Alice Dreger <publisher@eastlansinginfo.org>
Sent: Monday, September 09, 2019 10:47 AM
To: Mark Meadows <mmeadows@cityofeastlansing.com>
Subject: Re: follow up questions

Mark,

So when is the first ground lease payment coming to the City? And how much will it be for?

Thanks.

Alice

On Sep 9, 2019, at 11:04 AM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

If a CO is issued for B2 by the end of the month, a payment would be due on November 1st. Based on your analysis that payment would be \$8500.

From: Alice Dreger, Publisher <publisher@eastlansinginfo.org>
Sent: Monday, September 9, 2019 11:08 AM
To: Mark Meadows <mmeadows@cityofeastlansing.com>
Subject: Re: follow up questions

I'm guessing my analysis is not what the developers will go by. How much will the first monthly payment?

Alice

On Sep 9, 2019, at 12:31 PM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

Why would you guess that the developers will not go by your analysis?

From: Alice Dreger <publisher@eastlansinginfo.org>
Sent: Monday, September 9, 2019 3:01 PM
To: Mark Meadows <mmeadows@cityofeastlansing.com>
Subject: Re: follow up questions

I take it that means you don't know. At Council, on the tape, you said the first payment would be zero.

Alice

On Sep 9, 2019, at 3:37 PM, Mark Meadows <mmeadows@cityofeastlansing.com> wrote:

I don't think zero equates with any payment! I understand your confusion when I agreed with your statement that the first payment would be zero. If October 1st equates with the CO, the first payment would be received on November 1st. So, there is no payment on October 1, which is what I thought you were asking. And yes, I don't know what the first monthly payment will be because additional leases could be signed by November 1st. I just know it will be at least 51%.

Mark

Outcome: On September 17, 2019, Council voted through an amendment to the Master Development Agreement.

Under that agreement, starting October 1, 2019, the developers will pay the City \$10,000 per month for rights in the "ground lease" that let them construct and own the Newman Lofts apartments above the new parking garage on Albert Avenue. (Those apartments are restricted to people aged 55 and up and are not yet open.)

Also starting October 1, the developers will pay the City for the ground lease rights to the retail space they constructed and own along Albert Avenue in front of the parking garage. Until next September, that rent will be prorated based on how much retail is actually open for use.

On October 1, because only Foster Coffee will be open in the new retail strip, the rent on the retail space paid to the City will be about \$560 per month. As more businesses open, the rent paid to the City will rise. Next September (2020), the rent rises to the full \$80,000 per year, or \$6,667 per month, regardless of how much of the retail space is open for use.