

Convexity statement to East Lansing Info, received January 20, 2017:

The timing is very difficult at this point. A little history might help to explain how we got here. After the initial plan (focusing specifically on the Grand River property), the parking garage, occupancy requirements of ordinance 1348 and additional road and infrastructure work were incorporated into the plan for the City. A draft Brownfield plan was submitted and discussed with staff and the Mayor in November. We were told then that any TIF would be capped at \$25 million. At the end of November, the City provided their estimate of future taxable value, which is below the assumptions in the draft Brownfield plan we had submitted. Using those numbers, and with the intent of making the finances of the project work, we provided proposed terms of a development agreement on December 5, for a conference call that day with the Mayor, City Manager, and Planning Director. We understood we would receive a written response soon after that meeting, but never received one. Then, with submittal of a formal, revised Brownfield plan, we provided the December 20 update to the development agreement terms, to be considered by the BRA along with the Brownfield plan. These terms included Brownfield Plan allocations, refinement of the numbers and minor edits to the terms for the development agreement. However, the BRA only discussed the total TIF amount; we do not know if the development agreement terms were provided to the BRA. The development agreement terms should also have been provided to Council, but were not in the Agenda packet. We also submitted alternative scenarios for the TIF, which we told the Council we hoped we could discuss with them; we were not offered that opportunity. The Council adopted a plan that primarily includes significant City-owned improvements, eliminated any contingency or escalation from the road and infrastructure work, added an additional two million dollars to the parking garage costs and eliminated any interest. We hoped that the development agreement drafted by the City would respond to our other economic proposals. The draft only includes the TIF. So we have to figure out how to respond, either by changing the terms, changing the TIF, or changing the project. All of which may take time.