

Jeff Gray

From: Jeff Gray
Sent: Tuesday, March 15, 2022 11:17 AM
To: Gerry Arno; Tim Bowman; Brenda Guyse; Jerry Drake; George Humphries; Delesha Padula; Andy Penrose
Cc: Cindy Means; Lenore Spahr; publicworks; wastewater; Kurt Etter; John Lovinger (jplovingerlaw@outlook.com); Olivia Johnson; Victor Face; Dan Loew
Subject: RE: Council Meeting 03-16-22
Attachments: DH Roberts Predevelopment Agmt-Klein Tool.pdf

Council,

Item 6A on the Wednesday Council Meeting Agenda is the Chicago Street Riverfront Redevelopment. The recommended action is to authorize the City Manager to negotiate a pre-development agreement with DH Roberts Construction to allow a 6-month due diligence period for the development of concept plans for the former Klein Tool building.

Attached is a proposed Pre-Development Agreement. It has been drafted by the City Attorney and has been reviewed and found to be acceptable by Victor Face, President of DH Roberts Construction.

I'd recommend that you review and discuss the proposed agreement at the time that Item 6A is up for consideration on the agenda. If the agreement is acceptable to Council, it would be appropriate to consider a motion to approve the agreement and to authorize the City Manager to execute it.

We will have paper copies available at the meeting, in the event that you are not able to view the email in advance of the meeting. If you prefer to view a paper copy before the meeting, please contact staff and we will make sure that you get one.

As always, don't hesitate to contact me with any questions or concerns.

Jeff

Jeffrey M. Gray · City Manager
City of Jonesville

Please note our temporary location:
116 W. Chicago Street · Jonesville, MI 49250
(517) 849-2104



**CITY OF JONESVILLE
DOWNTOWN REDEVELOPMENT OPPORTUNITY PRE-DEVELOPMENT AGREEMENT**

THIS PRE-DEVELOPMENT AGREEMENT ("Agreement"), made and entered into this ____ day of _____, 2022 (the "Effective Date"), by the City of Jonesville, a Michigan municipal corporation (the "City"), and DH Roberts Construction, a Michigan corporation (the "Developer"). (The City and Developer shall be known singularly as a Party or together as the Parties.)

Recitals

- A. The City owns a parcel of land formerly occupied as the Klein Tool Manufacturing Facility and an associated parking lot commonly known as 121 Water Street, Jonesville, Michigan 49250 Tax Parcels 30 21 060 001 038, 30 21 060 001 004, and 30 21 060 001 036 (the "Property"), and as described in Exhibit "A".
- B. The City desires that the Property be redeveloped to meet several goals. First, to provide retail, office, restaurant, entertainment venue(s), and/or market-rate housing options. Second, preserve and strengthen the existing character of the downtown area as an historic, pedestrian-scaled community, with traditional site and architectural designs which create an aesthetically memorable place containing vibrant streetscapes and community spaces. Third, incorporate common design elements, such as architecture, streetscape, signage, and landscaping that promote the continuation of the downtown theme for downtown redevelopment projects. Fourth, expand the downtown core with uses and appearance that are compatible with the existing downtown area (the "Project").
- C. The City has engaged in a process to select a developer who the City believes has the experience, interest, and financial capability to successfully undertake and complete the Project, the exact nature of which would involve creating a consensus for the Project between the Developer and the City after adequate public input.
- D. The Developer, DH Roberts Construction, has presented the City with its qualifications and has introduced its team to the City and the City finds the Developer's team members to be uniquely qualified, talented, and skilled in their specific industries.
- E. To pursue the potential development of the Property with the Project, the City and the Developer agree to enter in to this Agreement.

Agreement

In consideration of the mutual promises and covenants contained below, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the City and Developer agree as follows:

- 1. Exclusive Option to Pursue the Project: For a term of at least six (6) months after the Effective Date (the "Option Period"), the Developer shall have the exclusive right and ability to pursue the Project and the Property, and undertake the Project Evaluation outlined below; and the City agrees that it shall not solicit for contracts, enter into any contracts, or negotiate for any

contracts with any person or entity for any development or improvements on the Property during the Option Period. In consideration for said Option, the Developer shall remit to the City the sum of Five Hundred Dollars (\$500.00) on the Effective Date ("the Option Price"). In the event that the City and Developer may enter into a development agreement, the Developer shall receive a credit for the Option Price against the final sale price and development of the Property. In the event that this agreement is terminated on a material default by the Developer, the Option Price shall be forfeited to the City as liquidated damages. In the event that this agreement is terminated by mutual agreement, the City shall return the Option Price to the Developer, less the City's actual out-of-pocket costs related this agreement and its requirements, including, but not limited to, engineering fees and professional fees. In the event that this agreement is terminated on a material default of the City, the Option Price shall be returned to the Developer in its entirety, plus any actual out-of-pocket cost related this agreement and its requirements, including, but not limited to, engineering fees and professional fees.

2. Option Period Extension: In the event Developer needs to extend the Option Period, City at its discretion agrees to grant an additional ninety (90) day extension period, from the end of the original Option Period based upon its satisfaction that sufficient progress has been made toward the contemplated development of the Property.
3. Specific Tasks During Option Period: During the Option Period, the Developer shall:
 - a) Undertake, at its sole cost, such physical inspection or studies of the Property so as to allow Developer to determine the feasibility of the Building Development Proposal(s) that are set forth in the attached Exhibit "B". The Developer shall provide copies of any such inspections or studies to the City.
 - b) Prepare and provide to the City a Conceptual Development Plan(s).
 - c) Prepare preliminary financial pro forma(s) for the construction of the buildings and site depicted in the Conceptual Development Plan(s), which proformas would indicate financing sources, estimated construction costs, other development costs, and a tentative land value for the Property. The Developer shall share these proformas with the City. Said proformas shall include, at a minimum, the proposed purchase price of the Property, actual connection fees, and estimated tax payments.

During the Option Period, the City shall:

- d) Undertake such studies as it determines are necessary to determine the current capacities of the City infrastructure supporting the Project site and what infrastructure would be required to support the Conceptual Development Plan(s). The City shall provide copies of any such studies to the Developer.
- e) Assist Developer in exploring options for economic development gap financing and grants for the Project. To this end, the City shall use its best efforts to procure meetings between representatives of the Developer, the City, the Downtown Development Authority, the Michigan Economic Development Corporation (MEDC), the Michigan Department of Environment, Great Lakes and Energy (EGLE), time being of the essence.

The City shall provide a letter of support for the Conceptual Development Plan(s) to be included in redevelopment incentive applications, if any, submitted to the County, State and Federal Government.

- f) As soon as practicable, provide to Developer all environmental and geotechnical information regarding the Property that is known to the City. If, during the term of this Agreement, environmental or geotechnical information regarding the Property becomes available to the City, the City shall likewise provide that information to Developer.
- g) The City shall appoint a single point-of-contact for communications between the Parties required under this Agreement.

4. Negotiation Period: If, at the conclusion of the Option Period, the Developer and the City determine that one or more of the Conceptual Development Plan(s) meet their respective goals, they shall so notify the other Party prior to the expiration of the Option Period. If both Parties so notify each other, then the Developer will have the exclusive right, for a sixty (60) day period (the "Negotiation Period"), in which to negotiate a purchase agreement (the "Purchase Agreement") with the City.

During the Negotiation Period, the City agrees that it shall not solicit for contracts, enter into any contracts, or negotiate for any contracts with any person or entity for any development or improvements on the Property. If one or the other Party notifies the other that the activities during the Option Period have not resulted in a Conceptual Development Plan(s) which that Party believes meets its respective goals, this Agreement shall terminate and the Parties shall have no further obligations to each other (except as stated in Sections 1, 6, and 15 below).

5. Mutual Covenants: The City and Developer covenant and agree as follows:

- a) Neither Party shall unreasonably withhold its participation during the Option Period and from preparation of the Development Plan(s).
- b) In the course of implementing the activities above, issues may arise which are outside the scope of this Agreement, but which require resolution in order to proceed with successful development of the Property. Whenever such issue(s) is identified by either Party, the City and Developer mutually agree to enter into good faith negotiations for the purpose of resolving said issue(s), which may include amendment to this Agreement.
- c) Both the Developer and the City understand that this Agreement does not require the City to use its power of eminent domain; and the City does not anticipate using such power for the development of the Property.
- d) The City makes no representation or warranty that even if the Parties reach a consensus on the Development Plan(s), that such Development Plan(s), or any proposed development of the Property, will be approved by the City, and the City explicitly reserves the right to reject the Development Plan(s) (or any proposed development of the Property), for any reason or no reason at all (notwithstanding that such rejection must comply with all otherwise applicable legal standards).

- e) Neither the Developer, nor any architect or any other professional consultant retained by Developer, shall have any copyright, trademark, or other proprietary interest in the Development Plan(s), or any other site plan, layout, or design materials created as part of the evaluation of the Property and Project.
6. Access to Property: During the term of this Agreement, Developer shall have the right for itself, its agents, employees, licenses and contractors (i) to enter upon any portion of the Property which is under the City's control with persons, equipment and material to make any and all inspections, surveys, test borings and other site investigations as it may deem appropriate, and (ii) to discuss the Property and the Project with governmental and other appropriate agencies as it may deem appropriate in order to determine any use to which the Property, or any part thereof, may feasibly be put. The Developer will provide liability insurance acceptable to the City in connection with its conduct of activities described in clause (i) above, shall name the City as an additional insured on such insurance, and will provide evidence of such insurance prior to entry upon the Property. Upon conclusion of any investigations or in the event of termination of this Agreement, the Developer shall return the Property to its near original condition. The Developer shall not allow any liens to be recorded against the Property based on any contractors or consultants it retained to work on the Property or the Project, and shall immediately act to have any such liens discharged. Furthermore, Developer shall defend, hold harmless, and indemnify the City from and against any and all claims or damages which result from Developer's investigation of the Property. The obligations contained in this Section shall survive the termination of the Agreement.
7. Termination: This Agreement shall terminate upon the earliest of the following events:
- a) The Developer's or the City's decision to terminate, as set forth in Section 2 above.
 - b) The mutual agreement of the Developer and the City.
 - c) Upon occurrence of a default as set forth in Section 8.
8. Default and Remedies on Default: The Parties recognize that this Agreement does not transfer an interest in the Property, but in the event of default, except as otherwise stated in this Agreement, each Party shall be limited to the remedies provided below. If either Party is in default of performing the responsibilities set forth above, which default is not cured upon notice (a) within a reasonable time for the circumstances creating the default, but in no event more than forty-five (45) days after notice is given or as otherwise agreed to by the Parties, then the non-defaulting Party shall have the right to terminate this Agreement, and the Parties shall have no further obligations to each other, except for those stated in Sections 1, 6, and 15, which survive the termination of the Agreement
9. Broker: The City represents and warrants to the Developer that it has not employed a broker in connection with this Agreement or any purchase and sale to be consummated pursuant to this Agreement, and the City shall defend, indemnify and hold the Developer harmless from and against any claim by real estate agent or broker in connection with or arising out of any acts or agreements of the City. The Developer represents and warrants to the City that it has not employed a broker in connection with this Agreement or any purchase and sale to be consummated pursuant to this Agreement, and Developer shall defend, indemnify and hold the

City harmless from any claim by real estate agent or broker retained by the Developer, or claiming through or under the Developer.

10. Notices: All notices sent pursuant to this Agreement shall be sent by certified mail, return receipt requested. Notices shall be deemed given on the date deposited with the United States Postal Service with proper address and postage fully prepaid. Notice as required under this agreement shall be as follows:

If to the City, to:
City of Jonesville
Attention: Jeffrey Gray
City Manager
265 E. Chicago Street
Jonesville, MI 49250

If to the Developer, to:
DH Roberts Construction
Attn: Victor Face, President
222 Water Street
Jonesville, MI 49250

11. Time: Time shall be of the essence in this Agreement.
12. Binding Effect: This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns; provided however that the Developer cannot assign its rights in this Agreement to any other entity without the prior approval of the City.
13. Agreement: This Agreement constitutes the entire agreement of the Parties; all prior agreements between the Parties, whether written or oral, are merged in to this Agreement and shall be of no force or effect. This Agreement cannot be changed, modified or released orally, but only by an agreement in writing signed by the Parties against whom enforcement of said change, modification, or discharged is sought.
14. Counterparts: This Agreement may be executed in counterparts, each of which is an original document and all of which together constitute but one and the same document.
15. Violations of Agreement: In any dispute over this Agreement or its terms, the prevailing Party shall be entitled to reimbursement of the costs it incurred in enforcing the Agreement or its terms, including reasonable attorneys' fees, from the non-prevailing Party. The obligations contained in this Section shall survive the termination of the Agreement.

DEVELOPER:
DH Roberts Construction

By: Victor Face,

Its: President

CITY:
City of Jonesville

By: Jeffrey M. Gray

Its: City Manager

EXHIBIT A
Property Descriptions

LAND SITUATED IN THE CITY OF JONESVILLE, HILLSDALE COUNTY, MICHIGAN, DESCRIBED AS FOLLOWS:

PARCEL I (TAX PARCEL ID 30 21 060 001 038):

LOTS 21, 22, 23, 24 AND THE VACATED ALLEY BETWEEN LOTS 22 AND 23 OF JONES PLAT OF THE VILLAGE OF JONESVILLE, BEING A PART OF THE NORTHWEST ¼ OF SECTION 4, TOWN 6 SOUTH, RANGE 3 WEST, FAYETTE TOWNSHIP, HILLSDALE COUNTY, MICHIGAN.

ALSO: A PARCEL OF LAND BEING PART OF THE VACATED NORTH STREET, BETWEEN LOTS 2 AND 21 OF JONES PLAT OF THE VILLAGE OF JONESVILLE, BEING PART OF THE NORTHWEST ¼ OF SECTION 4, TOWN 6 SOUTH, RANGE 3 WEST, FAYETTE TOWNSHIP, HILLSDALE COUNTY, MICHIGAN, DESCRIBED AS: BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 21 OF JONES PLAT; THENCE SOUTH 61 DEGREES 45 MINUTES 47 SECONDS WEST ALONG THE NORTHERLY LINE OF SAID LOT 21, 177.38 FEET; THENCE NORTH 27 DEGREES 58 MINUTES 12 SECONDS WEST 31.0 FEET; THENCE NORTH 71 DEGREES 31 MINUTES 26 SECONDS EAST 82.58 FEET; THENCE SOUTH 27 DEGREES 44 MINUTES 06 SECONDS EAST 10.0 FEET; THENCE NORTH 61 DEGREES 45 MINUTES 47 SECONDS EAST 96.0 FEET; THENCE SOUTH 27 DEGREES 44 MINUTES 06 SECONDS EAST 7.0 FEET TO THE NORTHEAST CORNER OF SAID LOT 21, THE POINT OF BEGINNING.

PARCEL II (TAX PARCEL ID 30 21 060 001 004):

THE SOUTH HALF OF LOT 2, OF JONES PLAT OF THE VILLAGE OF JONESVILLE, BEING PART OF THE NORTHWEST ¼ OF SECTION 4, TOWN 6 SOUTH, RANGE 3 WEST, FAYETTE TOWNSHIP, HILLSDALE COUNTY, MICHIGAN.

ALSO: A PARCEL OF LAND BEING PART OF VACATED NORTH STREET, BETWEEN LOTS 2 AND 21, OF JONES PLAT OF THE VILLAGE OF JONESVILLE, BEING PART OF THE NORTHWEST ¼ OF SECTION 4, TOWN 6 SOUTH, RANGE 3 WEST, FAYETTE TOWNSHIP, HILLSDALE COUNTY, MICHIGAN, DESCRIBED AS: BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 2 OF JONES PLAT; THENCE SOUTH 27 DEGREES 44 MINUTES 06 SECONDS EAST ALONG THE EXTENSION OF EASTERLY LINE OF SAID LOT 2, 15.0 FEET; THENCE SOUTH 61 DEGREES 45 MINUTES 47 SECONDS WEST, 90 FEET; THENCE NORTH 27 DEGREES 44 MINUTES 06 SECONDS WEST, 15.0 FEET, TO THE SOUTHERLY LINE OF SAID LOT 2; THENCE NORTH 61 DEGREES 45 MINUTES 47 SECONDS EAST ALONG THE SOUTHERLY LINE OF SAID LOT 2, 90 FEET TO THE SOUTHEAST CORNER OF SAID LOT 2, THE POINT OF BEGINNING.

PARCEL IV (TAX PARCEL ID 30 21 060 001 036):

THE NORTH ½ OF LOT 20, ALSO THE WESTERLY 33 FEET OF THE NORTH ½ OF LOT 19 OF JONES PLAT OF THE VILLAGE OF JONESVILLE, BEING PART OF THE NORTHWEST ¼ SECTION 4, TOWN 6 SOUTH, RANGE 3 WEST, FAYETTE TOWNSHIP, HILLSDALE COUNTY, MICHIGAN.

ALL BEING PART OF THE JONES PLAT OF THE VILLAGE OF JONESVILLE, ACCORDING TO THE PLAT THEREOF AS RECORDED IN LIBER 1 OF DEEDS, PAGE 4, HILLSDALE COUNTY RECORDS.

ACCESS EASEMENT: AN EASEMENT AND RIGHT-OF-WAY FOR DRIVEWAY PURPOSES DESCRIBED AS: ALL THAT PART OF A STRIP OF LAND 18.00 FEET IN WIDTH, THE CENTERLINE OF WHICH IS DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF LOT 21 OF JONES PLAT OF THE VILLAGE OF JONESVILLE, ACCORDING TO THE RECORDED PLAT THEREOF, SAID NORTHEAST CORNER ALSO BEING THE INTERSECTION OF THE SOUTH LINE OF NORTH STREET AS VACATED, WITH THE WEST LINE OF WATER STREET; THENCE N27°-44'-06"W, 46.23 FEET TO THE TRUE POINT OF BEGINNING: AND RUNNING THENCE S82°-34'-29"W, 31.44 FEET; THENCE S64°-20'-09"W, 61.31 FEET; THENCE S50°-19'-09"E, 23.54 FEET; THENCE S34°-59'-09"W, 19.63 FEET; THENCE S20°-43'-09"W, 24.73 FEET; THENCE S58°-29'-41"E, 31.70 FEET TO THE SOUTH LINE OF SAID NORTH STREET AS VACATED AND THE POINT OF ENDING OF SAID CENTERLINE.

DH ROBERT'S CONSTRUCTION KLEIN BUILDING DEVELOPMENT

City of Jonesville

OVERVIEW

DH Robert's Construction is pleased to submit a concept/development plan for the Klein Tool Building for the City of Jonesville for its desire to bring more business and revenue for the downtown area. D H Roberts will be dedicated to partnering with quality retail establishments while increasing residential potential and parking for the downtown area. DH Roberts has a strong desire to work with the downtown community and the City to bring more business and revenue to the downtown area while redeveloping a vacant building into usable space.

The Objective

- Need #1: Make a large space of downtown usable again
- Need #2: Bring more quality retail into downtown
- Need #3: Financial incentives (Both City and DH Roberts)

The Opportunity

- Goal #1: Bring in tenants that will establish themselves for the long term in the City of Jonesville
- Goal #2: Provide quality housing units for people/family's that desire to be in town
- Goal #3: To bring in new jobs, tax base and revenue to the City, and a long-term investment for DH Roberts

OUR PROPOSAL

DH Roberts has been a fixture in the City of Jonesville for 30+ years. We have a desire to see the City of Jonesville grow and see an opportunity to help that happen.

Once we take possession of the property, we would plan to see revenue being generated within 3 years, with full development occupation in 5 years. DH Roberts has vast experience in the construction world with many new and remodel projects compete over the years. We will partner with our local contractors to complete this remodel to keep our investment in the community as much as possible. We work with many contractors in the Jonesville and surrounding area. Our goal is to bring the building into the modern era while still incorporating some of the existing downtown look. By that we plan to keep some of the existing brick, but open the front of the building up with store front windows. We would also start to work on the water street side along with the river side to modernize the look of the building. Idea's are fluid at this stage and nothing has been decided on at this point for a final look.

With the shape of the current building, we see many opportunities in developing the existing structure. Our initial ideas range from a new restaurant, an establishment aimed towards children, and even an establishment for indoor sports. Our primary goal is to find an anchor tenant that wants to establish themselves in the downtown area for many years to come. We would then surround that establishment with other tenants that would bring people to the downtown area.

We also see a need for residential accommodations in the downtown area. We have ideas for apartments, condos or townhouses. We see an opportunity to create middle to high end housing units in this space that range from family units to single or two person units. Developing these units are the fastest way for the City to start generating revenue from this property. Our focus would initially be on the residential side as we develop the retail space and find the right tenants for the City of Jonesville.

There will be a need for Parking with the added businesses and residential area that we are proposing. The initial plan to accommodate parking for new residential units and retail space is to turn a portion of the existing structure into covered parking. Entrance and exit for this parking would come from water street. Our goal would be to work with the City in developing and creating additional parking for when the property is at full occupancy. The purpose of our partnership with the City of Jonesville is to bring added revenue and jobs to the downtown area through this process.

Execution Strategy

Upon taking possession of the property, due to the environmental condition of the property, we will have a baseline assessment along with a phase 1 assessment conducted. We will also have an asbestos and lead evaluation performed so we can dispose of materials in the proper way. Once each of those assessments are complete, we can move forward with development plans.

We have already talked and partnered with a design engineer and discussed ideas with that company. Once a development plan has been set, we will move forward with that plan. We are prepared to invest in the property to make it a desired location for businesses. Our initial plan to keep the existing building, so we will have a roof assessment complete, and if needed, will replace roof if final plan includes keeping the existing structure. We want to come into the retail space and clean the area completely, new paint and fresh lights so we are able to bring prospective tenants into look at the space available, we estimate this to be around \$500,000 - \$600,000 USD. We would like to start the residential on side as well, developing that area in a timely manner so we can make these units available for occupation and we estimate this to be \$300,000 - \$400,000 USD. We would like to note that all options are on the table except a cannabis operation. We are looking for the best return on our investment, as well as bringing in jobs and revenue for the city.

DH Robert's goal is to move as fast as the process will allow us to move. The sooner we can make this happen, the sooner more jobs, tax base and a return on our investment will come to fruition.

CONCLUSION

We look forward to working with City of Jonesville and the existing downtown businesses to develop this vital space of the downtown area. We are confident that we can meet any challenge of the project and stand ready to partner with you in developing this property into a vital part of the downtown area.

If you have questions on this proposal, feel free to contact Victor Face/Dan Loew/Mike Karaptian at your convenience by email at vicdhroberts@gmail.com, dloewdhroberts@gmail.com, mike@dhrobertsconstruction.com or by phone at (517) 849-7236. We will be in touch with you next week to arrange a follow-up conversation on the proposal.

Thank you for your consideration,

DH Roberts Construction

Victor Face

Dan Loew

Mike Karaptian

DH Roberts Construction

ofc 517-849-7236

fax 517-849-7238

of Jonesville

2/17/22

Projects recently completed by DH Roberts const

Martinrea Jonesville, we have completed for them over the past two years: three additions, parking solutions and complete office remodel totaling over 4 million dollars. Contact Sagar Patel

We are currently starting a 38,000-sf addition totaling over 7.5 million. Project details are confidential on the new project. Additional information can be provided on request.

We own and operate 3 Biggby coffee shops yearly revenues combined total over 2.4 million

We own and operate Wolverine steel and welding in Concord, with revenues over 1.5 million

We currently own and are building out another Biggby coffee in Sturgis with anticipated yearly revenues over \$800K

I swear that we as a conglomerate organization (DH Roberts const, Wolverine Steel and Welding, V and K Cafe', KV properties) or as individuals (Victor or Karen Face) do not owe or have any delinquent taxes to any jurisdiction, local, state or Federal authorities. So help me God.

RESPECTFULLY SUBMITTED



VICTOR FACE
PRESIDENT
222 WATER ST
JONESVILLE, MI 49250
vicdhroberts@gmail.com