

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, January 15, 2019

A regular meeting of the Battle Creek Tax Increment Finance Authority was held on Tuesday, January 15, 2019 at 3:00 p.m. at the Frederick R. Brydges Customs Cargo Center, BCU Board Room. The following individuals were in attendance: Messrs. Bowman, Christensen, Claywell, Davis, McKernan, Stewart and Mmes. Darner, Fleury, Visger.

Absent were: Messrs. Czerney, Kreter, Newsome and Ms. White.

Also in attendance were: Messrs. Corder, Mumford and Mmes. Hovarter, Jones, and Wood.

Mr. Stewart called the meeting to order at 3:00 p.m. Roll call of attendance was recorded.

APPROVAL OF MINUTES

MOTION: Mr. McKernan moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the October 16, 2018 minutes as presented. Mr. Christensen supported the motion and it was unanimously approved.

APPROVAL OF AUDIT ENDING JUNE 30, 2018

Mr. Brent Pruum stated the Audit was provided in the board packet and distributed at the meeting. He stated that Rehmann is the auditor for the City of Battle Creek and for the component units. The audit is unmodified, clean opinion, the highest level of assurance you will get on the financial statements. An overview of the audit was presented.

MOTION: Mr. Christensen moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Audit ending June 30, 2018 as presented. Mr. Bowman supported the motion and it was unanimously approved.

APPROVAL OF ANNUAL REPORT 2017-2018

Ms. Hovarter presented the Annual Report for 2017-18 that was provided in the board packet on pages 44 and 45. Ms. Hovarter retrieves the data from the financial statements and creates the annual report in a form that the State of Michigan likes to view.

MOTION: Ms. Fleury moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Annual Report for FY 2017-18 as presented and respectfully submits it for City Commission approval. Mr. McKernan supported the motion and it was unanimously approved.

BUDGET

Ms. Hovarter stated the budgets were provided on pages 46-55 of the board packet. She highlighted line items from the BCTIFA General Operations Budget. Current Real Property Taxes (402.100) were budgeted at \$1,553,226 and is currently at \$1,167,752.01, which is low because the City is not through collecting taxes. The State Aid Revenues (573.001) were budgeted \$3,468,145 and the BCTIFA only

received \$1,174,273. After the budgeting process, the City was notified by Treasury that we had the incorrect form. The BCTIFA is ineligible for the ICV funds. In future years, it will be closer to the \$1.1M. The majority of the expenses are debt related, hangar bonds and airport bonds. The airport bonds are due to expire in 2028. She noted Mr. Sobieralski and herself will meet in February to go over the budget and the Finance Committee will meet in March.

Ms. Jones stated the City of Battle Creek and BCU staff will review the budget and provide information for an upcoming budget meeting.

Mr. Stewart stated he has asked Mr. Sobieralski to go over the budget again at an upcoming meeting “Budget 101” for the new members. A how to best tackle the budget issues for the best outcome for the situation that we are in.

Ms. Hovarter reviewed the Capital Projects Budget. She stated \$1.8M from the General Operations Budget was built in to be transferred into the Capital Projects Budget. However, this may not happen due to the lack of the \$2.4M payment from the State of Michigan. In April, Capital Projects revenue was budgeted for \$4.8M.

TODA LOAN TO BCBRA

Ms. Jones stated information was provided in the board packet on pages 56-58. Ms. Jones provided a summary of the project. As part of the closing for the BASF and TODA America deal, it was the responsibility of TODA America to remediate the situation with the retention pond. As the work began, issues were identified and the project was delayed. The cost of the project grew. The total estimate for the project is now \$271,450. However, costs associated with the landfill disposable are not included in this fee. We are not aware how much soil will be removed.

Ms. Jones stated there is nearly \$3M in reserve within the BCTIFA Capital Outlay for the TODA site loan from the original commitment from 2009/2010.

Staff requests that we amend the original loan of \$160,000 from BCTIFA to BCBRA to a not to exceed amount of \$300,000.

Mr. Corder stated BASF/TODA America is discussing their next phase of expansion. They need to figure out the cost to fix the retention pond and roll that amount in with the expansion. He stated the original BCBRA Agreement with TODA America, which was originally for \$5M, TODA has spent just a little more than \$2M so far. Staff will review the original agreement to see if a sunset date exists and how long do we plan to carry the \$3M balance with them. There is also a question between the parties about responsibilities and what the \$3M can be used for.

Mr. Claywell asked if the transfer of ownership changes any terms or allow any discussions with the transfer of ownership of the property.

Mr. Mumford stated that the BCTIFA signed off on the transfer, the documentation that applied to TODA America now applies to BASF.

Mr. Mumford stated the Board is being requested to increase the withdraw on the existing loan from \$160,000 to \$300,000 provided the original loan commitment is still valid.

Mr. Stewart stated it was contingent upon the sunset date not being exceeded and provided the original agreement allows for a draw or any other restrictions.

MOTION: Mr. Bowman moved that the Battle Creek Tax Increment Finance Authority Board of Directors amend the original loan from \$160,000 to a not to exceed \$300,000, providing the loan is still outstanding, contingent upon sunset date not being expired, and based on any other contingencies. Mr. McKernan supported the motion and it was unanimously approved.

PROSPECT/PROJECT DEVELOPMENT UPDATE

STONE JUG LAND

Ms. Jones stated this 70-acre parcel which is currently being farmed was acquired in 2004, for the purchase price of \$580,000.00. The land was potentially going to be used for wetland mitigation credits and to prevent a certain type of development from encroaching. Staff is recommending that we place the property up for sale and use a realtor. This land is disconnected from the Fort Custer Industrial Park and Airport area and it has wetlands.

Mr. Corder stated the property was never utilized for the reason it was purchased. The property generates farm revenue, and it is more of a hassle. Staff recommends selling the parcel, given the budget shortfall, as it does not make sense to hold properties that are not strategic. We will need to get the parcel appraised.

WEST RIVER ROAD/ARMSTRONG ROAD MEDICAL MARIJUANA PARK - Mr. Corder stated that when medical marijuana was first passed, this 100-acre parcel located on West River Road and Armstrong Road was identified and designated for this area. The parcel has some topographical issues with a femoral stream that runs through the property. It made sense to sequester this industry in part of the Park that was off on its own. The property was surveyed, and a plan was developed with 15 parcels. It now makes more sense to sell it to a developer for the same intended use. The land is valuable based on the inquiries that we continue to receive. The best strategy for 2019 is to find a developer to take the existing plan and put it into action. Staff has been approached by some developers. BCTIFA would set conditions and rules of the property set by the Fort Custer Industrial Park Protective Covenants.

The road would extend off from Armstrong Road and end in a cul-de-sac. There would be a gate with access controlled from the front.

In Battle Creek there are five licenses, production (growing); processing (converting into finished product); storage; testing; and transportation. Provisioning (selling) is not permitted in the Fort Custer Industrial Park based on the Fort Custer Industrial Park Protective Covenants. That is not specific to marijuana.

This was brought to the BCTIFA Board for informational purposes. Once a developer or buyer is located the plan would be brought back to the Board for approval.

Mr. Corder stated the City of Battle Creek has a great map of the areas that are permitted for this use. One of the largest areas available is in the Fort Custer Industrial Park, as the entire industrial park is not available for development. There are only a few slivers of land. The majority of the companies that we have been in conversations with are looking for 20,000-40,000 sq. ft. of space. As decriminalization moves forward, there will be more interest. Marshall has a large area of land. Battle Creek is well positioned for the development. There is nothing that prohibits an existing company to buy an existing building in the Park. BCTIFA cannot control this.

PUBLIC COMMENTS

No public comments were made.

Special Board Meeting – the dates of March 5 or March 12 were provided for a special meeting. The next regular scheduled meeting is planned for April 16 and the budget will be addressed. A Finance Committee meeting will be held either March 18 or March 25. Ms. Young will send out a survey monkey/doodle poll to coordinate schedules.

There being no further business, the meeting was adjourned at 4:08 p.m.