

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, March 21, 2017

At a special meeting of the Battle Creek Tax Increment Finance Authority held on Tuesday, March 21, 2017 at 3:00 p.m. at the Frederick R. Brydges Customs Cargo Center, the following individuals were in attendance: Messrs. Bobrofsky, Bowman, Claywell, Czerney Frantz, Karre, Richmond and Stewart and Mmes. Fleury, and White.

Absent were: Messrs. Christensen, Cutshall, and Ms. Tuggle.

Also in attendance were: Messrs. Dearing, Tom Longman (KCC/RMTC), Mumford, Mark O'Connell (KCC), Davin Ojala (SME), Sobieralski, and Mmes. Bowman (Battle Creek Enquirer), Hovarter, Jones, and Young.

Mr. Bobrofsky called the meeting to order at 3:00 p.m.

APPROVAL OF MINUTES

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the minutes of the January 17, 2017 as presented. Mr. Stewart supported the motion and it was unanimously approved.

CLOSEOUT KCC-RMTC ADDITION PROJECT

Mr. O'Connell on behalf of the Kellogg Community College Board of Trustees, thanked the BCTIFA Board for their support of the RMTC addition project. The project was completed on time and under budget. The final cost of the project was \$2,590,076, which is approximately \$160,000 under budget. The BCTIFA Board approved to pay 61% of the project, up to \$1.675 million with the total amount due from the BCTIFA \$1,579,946. A final payment of \$79,946 is due from BCTIFA.

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority Board of Directors accept the KCC-RMTC expansion closeout and authorize payment of final invoice. Mr. Richmond supported the motion and it was approved by majority vote. Mr. Claywell abstained from voting.

KCC-RMTC CAPITAL OUTLAY REQUEST

Mr. O'Connell presented the BCTIFA Board with a Power Point presentation of the history and creation of the Regional Manufacturing Technology Center (RMTC). The RMTC was built in 1989, with the financial partners including the State of Michigan, W.K. Kellogg Foundation, City of Battle Creek, Battle Creek TIFA, and Denso. The RMTC was built solely to provide a training facility for businesses and industries in Fort Custer Industrial Park. A 5,000 sq. ft. addition was added in 1993 to accommodate increasing enrollment and additional programs. KCC accepted ownership of the RMTC in 1996. The RMTC was designated as M-Tech Center by State of Michigan in 1998, and an 8,850 sq. ft. addition was added on in 1999 to update the computer lab and instructional software, expand equipment storage, and offer distance learning classroom and conference rooms for business & industry use.

An Industrial Trades Upgrade was installed in 2009, to install Denso's donated robotics equipment and upgrade training areas. The Solar Array and Wind Turbines installation was installed in 2010 to create a renewable energy program. In 2016, the RMTC expanded 8,400 sq. ft. to expand lab space due to the influx of training needs. In late 2016, KCC received a grant approval from the State for building renovations at the RMTC scheduled for 2018 to reset the 25+ year old building for the next 25 years. The grant is for \$4.3 million funded 50/50 by state and local sources (\$2.15 million each).

Students can earn certificates in the following: electricity/electronics, HVAC, machining technology, pipefitting, renewable energy, industrial technology, industrial trades, and welding along with six Associate of Applied Science degrees. The RMTC provides critical training to the employers of the Industrial Park – at this time, it would be prudent to fully reset the RMTC for the next 25 years. KCC must come up with 50% of the funding locally in order for the project to go through its next level of State Capital outlay authorizing \$2.15 million.

KCC is currently in the planning cycle right now. KCC plans to approach the same partners from the original construction 25-years ago and explain to the partners that KCC has state funding to renovate the RMTC and KCC's goal is to raise a matching request. KCC is respectfully requesting BCTIFA's help meeting the College's matching requirement by splitting it 50/50 – \$1.075 million each.

Mr. Sobieralski stated the BCTIFA Finance Committee will be meeting at the end of March and the BCTIFA has a meeting planned for April 18. Mr. Sobieralski stated that after additional funding requests from today, it will leave the BCTIFA with a \$12,045,000 fund balance for capital improvements.

Mr. O'Connell stated the BCTIFA, the City of Battle Creek, and KCC have been partners and have done the majority of the funding over the past years.

Mr. Richmond asked how KCC planned to fund the \$10 million Miller Building? Will KCC go out after local private funding?

Mr. O'Connell stated that KCC will bond for that building and pay the bonds back through the 21st Century special millage dollars. The Miller Foundation will also be approached to help support that initiative.

The Board asked for the following information from KCC before it would recommend additional funding:

- Provide a breakdown of the State of Michigan's Capital Outlay funding approved by the Governor, providing details.
- Provide the BCTIFA with a specific dollar figure for budgeting purposes.
- Provide a listing of additional partners pursued and the level of funding from each (leverage dollars).
- Provide a timeline, how long before the BCTIFA needs to commit to KCC.

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve to financially support the KCC-RMTC Capital Outlay project for an amount TBD later. Ms. White supported the motion and it was approved by a majority vote. Mr. Claywell abstained from voting.

CONSUMERS ENERGY EASEMENT REQUEST

Mr. Sobieralski stated Consumers Energy has requested a temporary easement beginning September 2017 through May 2018, to install a temporary mobile unit, switch the power over to the mobile unit, upgrade the electrical system, and switch it back. Consumers Energy plans to double the size substation. The temporary easement is for the property immediately behind the Customs Cargo Center facility owned by the BCTIFA and the City of Battle Creek. The easement will not expose the BCTIFA to any liability.

MOTION: Mr. Claywell moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Consumers Energy temporary easement request as presented. Mr. Karre supported the motion and it was unanimously approved.

FCIP LINEAR PATH GRANT MATCH

Ms. Jones stated the City of Battle Creek applied for a Transportation Alternative Program (TAP) Grant in January 2017 that would fund the construction of a shared-use path along Hill Brady Road from Skyline to West Dickman Road (M-96). This project would provide a new connection that will help to separate pedestrians and bicyclist from traffic on Hill Brady Road, which has extremely high AM and PM peak volumes of traffic due to the heavy industrial presence in the Fort Custer Industrial Park. Furthermore, this path is necessary as many employers have voiced concerns for the safety of their workers such as: Denso; TRMI; RMTC; Gallagher Uniform; and others, whom all have provided letters of support for this project.

It is estimated that this project will cost \$500,000. The grant requires local matching funds that comply with the Federal Highway Administration requirements. Factors that make a project competitive for TAP funding are based on the following: a high level of overmatch (40% portion or higher); project receiving a high level of public input from multiple partners; part of economic development initiatives; and a strong maintenance plan, etc. Also, this project has a very good chance to get awarded as it falls within the City of Battle Creek's non-motorized transportation plans.

Safety is our number one priority and the addition of the new path would reduce safety concerns for those utilizing public transportation, walking, or riding their bicycles to work.

Staff recommends the BCTIFA Board support this project by providing 40% of the matching funds required to make this grant competitive for TAP funding.

A question was asked if this portion of the linear path would tie into the Kal-Haven Trail? Ms. Jones stated it is two separate projects.

Mr. Dearing stated the Kal-Haven Trail starts in South Haven and goes to Ann Arbor. It will not fill the existing gaps in that trail, but it will supplement some of the connections. The path will be ten feet across, adequate for both walking and biking.

MOTION: Mr. Claywell moved the Battle Creek Tax Increment Finance Authority Board of Directors support the project and grant a match of 40% of the \$500,000 not to exceed \$200,000. Mr. Bowman supported the motion and it was unanimously approved.

The grant will not support the maintenance of the path. The existing paths are currently not maintained.

ROBBINS BUILDING UPDATE

Ms. Jones provided the BCTIFA Board with an update on the Robbins Building. Ms. Jones continues to work with the Battle Creek Public Schools. Meetings have been held with the Superintendent, and Business and Finance Manager. The Battle Creek Public Schools is waiting for one additional piece of information before making a decision. If the school moves forward with the lease it will cost more money per month. A cost analysis is being completed to see whether it is beneficial to sell the space. Ms. Jones will provide an update at the next meeting.

Ms. Jones has continuously provided updates to the Robbins Building Committee as well as asked for advice on how to pursue with the project.

2017-18 BUDGET PROCESS

Mr. Sobieralski stated the BCTIFA Finance Committee will be meeting on March 31st. The Committee will review the FY 2016-17 amendments and review the FY 2017-18 expense projections as well as a 5-year Capital Outlay budget.

At the April 18th BCTIFA Board the budget will be presented for approval, if an additional meeting is required in May, a special meeting will be scheduled. The BCTIFA budget needs to be adopted by the City Commission in June.

PROJECT/PROJECT DEVELOPMENT

Mr. Sobieralski presented the BCTIFA Board with a power point presentation on the following:

Stanley Road/Skyline Project Update - the property consists of approximately 60 acres and can be divided into three twenty acre parcels, a retention pond would be located on the left of the road. The retention pond would support two of the twenty acre parcels and the parcel closest to BL-94 would require an additional retention pond. Approximately 400,000 cubic yards of fill will be transported to the west side of the airport property to balance a 160-200 acre site.

Original budget:

- Logging and site prep \$40,000;
- Clearing land/balancing site at 200,000 CYD \$1,900,000;
- Transporting 200,000 CYD to airport \$800,000;
- Road construction \$525,000;
- Installing water and sewer infrastructure \$500,000;
- Contingency \$460,000;
- Positive timber value (\$125,000);
- Total \$4.1 million

Costs to date include:

- OHM Engineering \$255,000;
- SME Geotechnical Study \$19,900;
- SME Phase I \$3,300;
- SME Phase II \$16,500;
- Mead & Hunt – Airport Engineering \$50,621;
- Logging and site prep \$50,000;
- Tree marking and prep \$21,695;
- Tree clearing \$241,438;
- Total \$658,454.

Costs yet to be incurred at Stanley site:

- Mobilization +/- 5% \$304,000;
- Balancing site and earth work \$2,839,560;
- Transporting 400,000 CYD to airport \$1,607,828;
- Road construction \$560,420;
- Water and sewer infrastructure \$558,160;
- Purchase New Moon Noodle land \$35,000;
- Others \$19,704;
- Total \$5,924,612.

Costs yet to be incurred at Airport site:

- Mobilization \$72,500;
- Balancing site and earth work \$1,023,128;
- Others \$28,180;
- Total \$1,123,808.

Total estimates:

- Skyline/Stanley/Hill Brady clearing project \$5,924,672;
- Airport balancing project \$1,123,808;
- Current costs incurred \$658,454;
- Construction oversee \$704,848;
- Contingency 10% \$701,348;
- Total \$9,113,130.

Mr. Sobieralski stated the original budget request was for \$4.1 million and the new estimate is at \$9,113,130 leaving a difference of \$5,013,130, with a new request for \$4.1 million.

MOTION: Mr. Claywell moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the additional request with a not to exceed amount of \$5,013,130. Mr. Frantz supported the motion and it was approved by a majority vote. Mr. Czerney opposed the vote.

TIFA PASS THROUGH UPDATE

Mr. Sobieralski reported the BCTIFA Pass-Through Committee along with the City of Battle Creek met on March 7 to continue the discussions on the budgeting process. The meeting resulted in a 35% pass-through of the operating mills from the City of Battle Creek. The City of Battle Creek is supportive of the 35% pass-through beginning FY 2017-18. The BCTIFA Board and the City Commission will be required to approve the proposed amendment of the BCTIFA Financing Development Plan to allow for a 35% pass-through of the City's operating mills to the City of Battle Creek for the City of Battle Creek to use for economic development services community-wide beginning FY 2017-18.

Mr. Mumford stated that a draft of the pass-through language has been provided by the City of Battle Creek and was reviewed by the BCTIFA Pass-Through Committee. The BCTIFA Pass-Through Committee recommends that the BCTIFA Board approve the 35% continuously. Therefore, the City of Battle Creek will only be receiving additional BCTIFA funds during budgeting for GIS maps, Airport Operations, and street lighting.

Mr. Dearing presented the Board with a summary sheet on the proposed community-wide economic development services. There is a compelling need for community-wide economic development services with a particular emphasis on small business and start-up assistance. The City is taking the lead in developing the infrastructure to support the need. The City is requesting the BCTIFA pass-through city capture so it can directly reinvest the money in economic development services city-wide. The effort is also expected to be supported by philanthropic, private, and other government sources.

In order to be successful, we needed to recognize the importance of large business recruitment along with support for small business growth and development, the fostering of an entrepreneurial ecosystem, education, and access to recreation, culture, and leisure opportunities. In the action plan to address the need for community-wide economic development services, the city is exploring opportunities to expand current offerings. Complimentary to the services provided by BCU, the city is looking to create infrastructure to support a variety of small business and entrepreneurial needs.

MOTION: Mr. Frantz moved that the Battle Creek Tax Increment Finance Authority Board of Directors authorize the Amendment of the BCTIFA Financing and Development Plan to include the 35% pass-through. Mr. Stewart supported the motion and it was unanimously approved.

PUBLIC COMMENTS

No public comments were made.

CLOSED SESSION

A roll call vote was made to go into closed session for discussion.

A roll call vote was made to return to open session.

OPEN SESSION

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority Board of Directors authorize the acquisition of properties #22, #36, #54 as presented. Mr. Frantz supported the motion and it was unanimously approved.

ADJOURN

There being no further business, the meeting was adjourned at 4:50 p.m.