

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, April 17, 2018

At the annual meeting of the Battle Creek Tax Increment Finance Authority held on Tuesday, April 17, 2018 at 3:20 p.m. at the Frederick R. Brydges Customs Cargo Center. The following individuals were in attendance: Messrs. Bowman, Christensen, Karre, Newsome, Stewart, and Mmes. Darner, Fleury, and White.

Absent were: Messrs. Bobrofsky, Claywell, Czerney, and Ms. Tuggle.

Also in attendance were: Messrs. Bowron, Corder, Dearing, Gibson, Mumford, Reid, Sobieralski, Weaver, and Mmes. Hovarter, Jones, and Young.

Mr. Stewart called the meeting to order at 3:20 p.m.

APPROVAL OF MINUTES

MOTION: Mr. Karre moved that the BCTIFA Board of Directors approve the January 23, 2018 minutes as amended. Mr. Bowman supported the motion and it was unanimously approved.

AMEND FY 2017-18 / APPROVAL OF FY 2018-19 GENERAL OPERATING BUDGETS

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve to amend FY 2017-18 General Operating Budget and Proposed FY 2018-19 General Operating Budgets as presented. Mr. Christensen supported the motion and it was unanimously approved.

AMEND FY 2017-18 / APPROVAL OF FY 2018-19 CAPITAL PROJECTS BUDGETS

Mr. Sobieralski stated in column four of the third page of Capital Projects included a list of projects that staff have developed and are in the pipeline. As the Capital Projects budget increases, these are projects that have been prioritized. In column two, is the amount spent in current FY 2017-18 and Board approved. These projects total \$7,555,446 minus \$487,000 for a total of \$7,068,446.

MOTION: Mr. Newsome moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve to amend FY 2017-18 Capital Projects Budget and Proposed FY 2018-19 Capital Projects Budget as presented. Mr. Bowman supported the motion and it was unanimously approved.

PROPOSED EARTHWORK FOR NEXTHERMAL/SYSTEX PRODUCTS CORP/AIRPORT

Mr. Sobieralski stated based upon the budget just adopted for FY 2018-19, an amount of \$1.2 million was programmed for this project. The land around Systex Products Corporation located at 300 Buckner Drive is being cleared to make way for a future bridge to the airport. The land around Nexthermal is also being cleared. The excess fill dirt from the Systex Products Corp. site will be transported to Nexthermal. Nexthermal will re-pay the BCTIFA for this work.

Mr. Sobieralski stated that any additional fill dirt not needed at Nexthermal will be transported to the airport. Additional clearing will be completed at the West Columbia Avenue (William's farm) to complete the Westside of airport portion. The estimated cost of \$1.2 million will allow for expansions at Systex Products Corp. and Nexthermal, Westside of airport filled (mass grading in future), and roadwork engineering for bridge to airport. Bids for the work have not been completed.

MOTION: Ms. Darner moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve not to exceed \$1.2 million to complete projects. Mr. Karre supported the motion and it was unanimously approved.

LAND SALE WATKINS PROPERTY

Mr. Sobieralski stated staff has been approached by an individual interested in acquiring the 70 acres on Watkins Road. This property is out of the BCTIFA district. Recently the BCTIFA sold the pole barn with two-acres for \$20,000. This individual plans to have a composting business with 25 jobs. The individual does not want the entire 70-acres, and wonders if the BCTIFA is interested in splitting the property. Mr. Sobieralski quoted a price of \$15,000 per acre. The individual works with institutions to get old food scrap waste from manufacturing businesses to make compost. This is a next generation compost operation. The operation does not create an odor.

Mr. Mumford noted that the Battle Creek Brownfield Redevelopment Authority (BCBRA) adopted a Brownfield Plan for ReConserve of Michigan (Endres) for a similar operation for feed for animals.

Mr. Sobieralski asked the following:

- 1) Would BCTIFA be interested in selling the property to the composting operation?
- 2) Would BCTIFA be willing to split the property?

Mr. Sobieralski stated this property has very little value, besides farming or unique end use. The road would also require an upgrade. The Michigan Economic Development Corporation could possibly assist in road upgrades. There are some logistics that staff will need to work out and explore. The BCTIFA acquired the property in November 2009 while attempting to acquire additional property south of acreage owned in a trust while attempting to recruit Volkswagen.

Ms. Darner stated that this company could benefit from all of the food waste from the manufacturing businesses in the Fort Custer Industrial Park. ASMO currently participates in a similar operation in North Carolina. There is a similar operation close to University of Michigan.

The BCTIFA Board suggested selling the back half parcel to the existing farmer or adjacent property owner, sell 40 acres and offer 30 acres free, attempt to get the BCTIFA money back and break even.

Staff will return with a suggestion at a future meeting.

UPDATE ON MEDICAL MARIJUANA

Mr. Corder stated that at the last meeting it was proposed to allocate the 100-acres at West River Road and Armstrong Road (at the northwest corner of the Fort Custer Industrial Park) for a medical marijuana corridor. Staff has had numerous conversations with the City's Department of Public Works, WBK Engineering and Planning and Zoning staff. There is language in the City of Battle Creek's ordinance that prohibits cul-de-sacs over 600 feet. There is also language that provides an exception. Staff has received quotes to have the property surveyed for topography and boundaries and where the road will be placed. The project would be constructed in phases. Clearing to make way for the road and access to both sides of the road to provide access to construction crew. The individual companies would be responsible for clearing and grading their own parcels.

Phase I of the project would include looping the water main with the road at a cost of \$1.2 million, this would provide five (5) parcels to get started. The property would be sold at \$30,000 per acre. The expenses for this project were not included in the FY 2018-19 budget, so selling the property on Watkins Road and pre-selling parcels is necessary to get the project started. It is important to get this project engineered to pull the trigger when it is time to move forward. The businesses are required to have addresses on the application. The State of Michigan has slowed down with processing applications. Staff have discussed with these companies the need to provide a Letter of Intent. Once we are ready to start assigning addresses with the pre-sale of parcels, they will be able to submit their applications into the State of Michigan.

In the event staff proceeds with the pre-sale of the parcels, the businesses will receive an address and they will pay a deposit. If the State of Michigan denies the application, what will be next steps? Staff will develop a plan on how to address this.

BCTIFA MEMBER APPLICATIONS RECEIVED

Ms. Fleury stated there are currently four vacant positions on the BCTIFA Board. The Battle Creek City Commission will vote on the applications at the meeting tonight. Applications for membership were received from Mark Kreter, Attorney/CFO, Kreis Enderle; James McKernan, Chief Operating Officer, Bronson Battle Creek Hospital; and Timothy Davis, Co-Owner/Head of Brewing Operations, Territorial Brewing Company.

Ms. White suggested that we consider the diversity of the community while seeking candidates.

Ms. Fleury stated she reviewed each application and was searching for a skill set that compliments the existing board. In previous years, the application search received a broader diversity pool of candidates.

Mr. Stewart commented that part of the challenge going forward is exposure to a diverse population of what the BCTIFA Board represents. Had he been a regular resident he would not of known that the BCTIFA existed, the purpose that it serves, and the role it plays in the community.

Ms. Fleury challenged each board member to talk about the BCTIFA, because word of mouth will help get people interested. The BCTIFA Board has very strict criteria, but a representative of the city is pretty broad.

Mr. Karre asked whether the City Commission has addressed after four consecutive terms if a member can return or does the member just leave for a while. Ms. Fleury stated she has not had that discussion.

PROSPECT/PROJECT DEVELOPMENT UPDATE

Mr. Sobieralski reported on the following:

Real Estate Market – is moving fast based on the medical marijuana industry. EPI Marketing Services sale is pending for the 4956 Wayne Road building for a potential grow industry. There are two other buildings in the Park, one has a purchase agreement. The former WKW Roof Rail building located at 215 N. Hill Brady Road currently has a serious prospect, however, two existing tenants are leasing space. Once all the existing buildings are full, the next step is new construction.

Staff is currently exploring a spec building.

This week there will be an announcement and press release on a new brewery opening in downtown Battle Creek.

PUBLIC COMMENTS

No public comments were made.

ADJOURN

There being no further business, the meeting was adjourned at 4:40 p.m.