

## **BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY**

**Tuesday, July 16, 2019**

A regular meeting of the Battle Creek Tax Increment Finance Authority was held on Tuesday, July 16, 2019 at 3:00 p.m. at the Frederick R. Brydges Customs Cargo Center, BCU Board Room. The following individuals were in attendance: Messrs. Christensen, Claywell, Davis, McKernan, Newsome, Stewart and Mmes. Darner, Fleury, Visger, and White.

Absent were: Messrs. Czerney and Wilson.

Also in attendance were: Messrs. Jamie Clark (Clark Logic), Corder, Dearing, Greg Dilone (Clark Logic), Gibson, Mumford, Andy Nesbitt (Nuway Construction), Reid, Sobieralski and Mmes. Jones, and Young.

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

### **APPROVAL OF MINUTES**

MOTION: Mr. McKernan moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the May 29, 2019 minutes as presented. Mr. Christensen supported the motion and it was unanimously approved.

### **LETTER OF INTENT LAND SALE I-94 SOUTH**

Mr. Corder stated that he has been working with Jamie Clark and Greg Dilone, Jr. of Clark Logic for approximately six months. A Letter of Intent has been received for a project on I-94 South. The property consists of 85 acres, split into two pieces, 56 acres on the west and 30 acres on the other side of the Canadian National Railroad tracks. There are currently no buildings available to lease in the Fort Custer Industrial Park. We have discussed the necessity of having new buildings constructed. Mr. Corder stated that the BCTIFA acquired this property in 1997 for \$815,000. The land has not been developed.

Mr. Clark stated Clark Logic was founded in 1969 by his grandfather, Charles Clark and dad James Clark. In December, the company will be celebrating 50 years of business. The company is a warehousing and inventory business which has evolved from a single entity into a collection of complimentary companies providing comprehensive, customized logistical solutions. Today, the company has four operating businesses and centers on real estate development, warehousing, material handling, regional trucking services, third party logistic services, equipment rental, and strategic business relationships. With over 2.5 million square feet of space, 50 fleet vehicles, and 2,500 trailers, Clark Logic's core focus is serving customers in Southwest Michigan and Northern Indiana.

The plan outlines the intention to purchase, timeline, economic impact, terms of purchase, site work costs, construction buildout costs, and preliminary development plans.

The I-94 South site will be used for manufacturing industrial sites, warehousing services, and secure trailer storage to support Fort Custer Industrial Park. Lots 1-6 include industrial buildings ranging from 50,000 – 150,000 sq. ft. for a total of 550,000 sq. ft. with 120 + spaces for secure trailer parking. These buildings will be constructed built to suit.

Construction should begin within 12 months of property purchase and negotiated terms, site plan approval, and permitting. Phase 1 – Planning (1-8 months); Phase 2 – Site Start (9-16 months); and Phase 3 Completion (17-60 months). Total development costs \$37,229,721; site work costs \$6,993,126; building costs \$30,236,594. Economic impact for the project has been estimated at 425 new jobs and \$21,253,961. Clark Logic proposed to purchase the I-94 South site for \$100,000. In addition, Clark Logic proposed a 3-year option to purchase (dependent on development milestones) on the following properties, I-94 North sites and 1010 Watkins Road property.

Mr. Nesbitt with Nuway Construction was introduced and he provided a brief introduction of his business. Nuway Construction has been in business since 1976, constructing 600,000-800,000 sq. ft. manufacturing facilities in lower Michigan and Indiana. He is excited to partner with Clark Logic on this opportunity.

Ms. Fleury asked how does this development affect the Shiga Drive sites? Mr. Sobieralski stated Clark Logic originally was interested in the Shiga Drive sites. The Shiga Drive sites are engineered ready. The projects are somewhat competing. BCU continues to hold the Shiga Drive sites for a large manufacturing operation. The shift in economic development mentality suggests whether we continue to hold out for a manufacturing operation, or will it be used for warehousing and logistics.

Ms. Visger asked if there has been a market rate land appraisal completed. Staff knows what the BCTIFA purchased it for, but we have not contracted with an appraiser to get the value today.

Mr. Corder stated he has talked with a local appraiser George Bratcher and found out the appraisal would cost \$1,500 and it would take two weeks to complete. Mr. Corder provided the dates and costs associated with other land the BCTIFA has acquired.

Mr. Stewart asked how Clark Logic come up with a proposed cost of \$100,000.

Mr. Clark stated that based on the offer, if Clark Logic does not perform they would lose the \$100,000 and the property would revert back to BCTIFA.

Mr. Mumford stated Clark Logic suggests purchasing the land at a bargain price, build it out, and if they do not meet their promises, they will have to give the property and money back. Mr. Mumford stated that we would have to work out an agreement identifying targets to hit and what happens if the company does not hit them. The BCTIFA Board would be presented with the proposed written agreement that would bind Clark Logic and proposed partners to the timeline, etc.

Mr. Clark stated that Clark Logic is interested in developing this project. It does not do the City of Battle Creek or our company any good if this land is not developed.

Mr. Mumford suggested the BCTIFA Board look at additional documentation before the sale is closed.

Mr. Sobieralski asked if the BCTIFA Board wanted staff to get a market value appraisal completed first.

Mr. Claywell requested to see the exact terms and conditions that the BCTIFA would be agreeing to.

Mr. Mumford provided an example, if the price is \$1M, but to the extent that you invest, \$1M, \$2M, \$5M, or \$39M the price is rebated, because the company has met expectations and investment. This property is located in the City of Battle Creek and will help the City, but not located in the BCTIFA District.

Mr. Stewart recommended the following next steps: giving staff the latitude to get the market value appraisal completed with costs not to exceed \$2,000; work with legal counsel on a baseline of terms and conditions that would be presented to the BCTIFA Board.

**MOTION:** Mr. Claywell moved that the Battle Creek Tax Increment Finance Authority Board of Directors authorize staff to contract with an appraiser for an appraisal for a market valuation on the I-94 South site, not to exceed \$2,000; work with legal counsel on a baseline of terms and conditions to present to the BCTIFA Board. Mr. McKernan supported the motion and it was unanimously approved.

Mr. Sobieralski stated that the next regularly scheduled meeting is October 15, but there may be new business to discuss within six weeks.

### **ROBBINS BUILDING UPDATE**

Ms. Jones reported that the funds associated with the Robbins Building Condominium Association checking account has been disbursed between the BCTIFA and the Battle Creek Public Schools. Once the checks have been cleared, legal counsel will finalize the paperwork with the State of Michigan. HUB Insurance will continue to provide liability insurance for the building. There are some concerns because of the vacancy rate. Prices for insurance continue to increase. There have been no new prospects touring the building.

### **HILL BRADY ROAD LINEAR PATH UPDATE**

Ms. Jones reported the City of Battle Creek will award the work bid to a contractor at the City Commission meeting this evening. The project came in under budget. The infrastructure will begin in August and completed by the end of construction season in October. The road will be closed in sections along Hill Brady Road.

### **TRAFFIC SIGNAL UPDATE**

Ms. Jones reported the City of Battle Creek and Battle Creek Unlimited have been working with the Michigan Department of Transportation (MDOT) on a new traffic signal. The work would include adding two new left turn signals on West Dickman Road at Hill Brady Road. This is scheduled to begin in October and be completed in Spring. The project will be submitted for bid in September. MDOT will not be installing left turn signals on Hill Brady as the traffic count did not warrant enough traffic traveling on Hill Brady Road.

**SYSTEX/NEXTHERMAL UPDATE**

Mr. Sobieralski reported the work at Systex Productions Corporation and Nextthermal Corporation is almost complete. The BCTIFA owned property that has been cleared and filled will be conveyed to Nextthermal, then Nextthermal will pay BCTIFA \$117,000. This will be completed within 4-6 weeks.

**PUBLIC COMMENTS**

Mr. Clark provided a quote, by R. Lee Sharpe, entitled Princes and Kings: “Isn't it strange how princes and kings, and clowns that caper in sawdust rings, and common people like you and me, are builders for eternity? Each is given a list of rules; a shapeless mass; a bag of tools, and each must fashion, ere life is flown, a stumbling block, or a stepping-stone.”

There being no further business, the meeting was adjourned at 4:05 p.m.