

DRAFT – Minutes have not been approved.
BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY
Tuesday, January 21, 2020

A regular meeting of the Battle Creek Tax Increment Finance Authority (BCTIFA) was held on Tuesday, January 21, 2020 at 3:00 p.m. at the Frederick R. Brydges Customs Cargo Center, BCU Board Room. The following individuals were in attendance: Messrs. Christensen, Stewart, Wilson and Mmes. Darner and Fleury.

Absent were: Messrs. Claywell, Czerney, Davis, McKernan, Newsome, and Mmes. Visger and White.

Also, in attendance were: Messrs. Steven Bratic (db3 Agricultural Solutions), Corder, Jason Gyorki (db3 Agricultural Solutions), Gibson, Mumford, Reid, Sobieralski, Leon Van Hook (db3 Agricultural Solutions), and Tony Wright (db3 Agricultural Solutions), and Mmes. Teegan Bartos (db3 Agricultural Solutions), Corrin Day (Rehman Robson), and Jones.

Mr. Stewart called the meeting to order at 3:00 p.m. Roll call of attendance was recorded. There was no quorum, therefore, no action items were taken.

APPROVAL OF MINUTES

No quorum. No action was taken.

APPROVAL OF AUDIT ENDING JUNE 30, 2019

A copy of the audit ending June 30, 2019 was included in the board package. Ms. Corrin Day from Rehman Robson stated the audit was unmodified, clean opinion, the highest level of assurance you will get on the financial statements. An overview of the audit was presented.

No quorum. No action was taken.

APPROVAL OF ANNUAL REPORT FY 2019

No quorum. No action was taken.

BUDGET

Mr. Sobieralski stated that the budgeting process for FY 2020-2021 will begin soon. The BCTIFA Finance Committee will meet in April and May with final budget approval by the City Commission in June. Mr. Sobieralski stated he would like to introduce an idea for a possible bond debt to finish the westside of airport and get it ready, as well as other projects. He will propose a number that he believes the BCTIFA budget going forward can support.

Mr. Christensen stated that he will not be available the entire month of March.

PROSPECT/PROJECT DEVELOPMENT UPDATE

Airport Road Preliminary Engineering – Mr. Sobieralski stated that staff is working with an existing tenant at the airport that has expansion plans which will require a portion of South Airport Road to be

relocated. Staff is also working with the Michigan Department of Transportation on a grant that will help with the cost associated with this project. Mead & Hunt has been contracted to provide an engineering cost estimate for the project. The shelf life for the engineering study is 3-5 years. The scope of the project would include 100 jobs and several million dollars.

Cannabis Park Update – Mr. Corder introduced individuals from db3 Agricultural Solutions, the proposed developers are from Chicago, Illinois and are interested in developing the 100-acre parcel along West River Road and Armstrong Road. A Power Point presentation was provided to the board.

Mr. Wright stated that db3 Agricultural Solutions is a real estate development firm focused on integrated agricultural solutions that mirror innovated ways, by first tapping into the cannabis market. The developer db3 will make it possible for cultivators to do what they've never been able to do before: grow crops anywhere...anytime...and profitably at scale. This project is being introduced at a larger scale with the goal to reduce the cost of ownership for a widely viable market. The developer is targeting small to medium size businesses to provide them with the infrastructure to get into this market. Their marketing strategy includes targeting agricultural producers in the following categories: specialty food and beverage, hemp, marijuana, and floral.

Their value proposition supports growing agricultural businesses by providing an opportunity to scale more efficiently through several unique facilities. They lease and sell space in a manner that provides best in class resources for cultivation, testing, secure transport, and storing of crops.

Mr. Wright stated that within five years, the plan will be to have 5,000,000 sq. ft. of indoor grow space, consisting of seven buildings. The proposed design is for the cannabis industry. The construction will consist of prefab modular construction and a water storage facility located on the campus. In addition, the facility will capture all wastewater from the plants to be recycled. The facility will also have a filter system that will capture 100% of the smell of cannabis so that nothing is released into the environment and 100% is regenerated and reused within the facility.

Mr. Mumford asked what will be built at 12 months and what will be built at 24 months.

Mr. Wright stated that Take 1 and Take 2 (sections in purple) and Opening Scene (section in blue) is the corporate office that will be constructed within 12 months. The corporate office will consist of 100,000 sq. ft. with three floors. The 3rd floor will be offices, the 2nd floor will be the innovation center for universities and a think hub, and the 1st floor will house a cafeteria and common utilities, and a lab testing facility. Take 1 and Take 2 buildings will be approximately 700,000 sq. ft. total and used for indoor growing and processing.

The existing retention pond on the site along W. River Road will include a fountain to keep the water moving and help eliminate bugs. This area will also be the front yard. The property will be completely secured with fencing. There will be security staff and a security shack with monitoring cameras. The entrance to the campus will be from W. River Road, just west of the retention pond. Parking will be based on occupancy and not square footage.

Mr. Wright proposed that the economic impact of the construction of Take 1 and Take 2 will consist of 250 construction jobs; 1st year operations 138 jobs; 5-year operations 266 jobs; total payroll support \$8.6 million; and capital investment \$31 million. All of these jobs do not include any proposed tenants on the site, these are jobs for operations.

The db3 developer will provide a white box, electricity, low temp hot water, chilled water, co2 connection, and water connection.

Mr. Steven Bratic proposed a power generation to the facility which included heating, cooling, and power to the facility using natural gas.

The developer will work with local universities to have training at the facility to help students learn how to grow, efficiently. Lake Superior University has a cannabis degree program. The developer wants to provide a support mechanism which will include a daycare facility.

The developer plans to deliver on their promise and has set their standards to a high level of standard and expectations.

The next step will be to secure the property with a purchase agreement. The letter of intent has already been agreed upon. The plan is to offer leasing by Q3, 2020. Move in by Q1, 2021.

Industrial Partners USA, LLC Update – Mr. Corder provided an update on the I-94 South parcel project. The purchasing agreement has been received and is currently under review with legal. The operational agreement has not yet been received, but once received it can be finalized.

Mr. Sobieralski stated that a neighbor in the area reached out and inquired about professional services being done.

Mr. Corder stated that Carr and Associates has completed the property survey. The title work is in process and should be completed in February.

Robbins Building Update – Ms. Jones stated that the due diligence process ended last Friday. As of today, the realtor indicated that the buyer is still interested in purchasing the property. The original sale price was for \$350,000, and the Robbins Building Committee accepted a negotiated counter-offer price of \$300,000. Legal counsel has drafted a sales agreement to be signed by January 30th.

Mr. Mumford stated that due to the lack of quorum, a special BCTIFA Board meeting will be required to approve the sale of the Robbins Building for \$300,000.

A comment was made that the Robbins Building Committee has the authority to modify the cost. Mr. Mumford stated that he would need a copy of the minutes that reflect that, otherwise, a special meeting would be required.

PUBLIC COMMENTS

There being no further business, the meeting was adjourned at 4:10 p.m.