

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

**Tuesday, January 19, 2021**

A regular meeting of the Battle Creek Tax Increment Finance Authority (BCTIFA) was held on Tuesday, January 19, 2021 at 3:45 pm via virtual Zoom conference call. The following individuals were in attendance: Messrs. Christensen, Claywell, Czerney, Davis, Hodge, Wilson, and Mmes. Darner, Fleury, Visger and White.

Absent: Ms. Straub.

Also, in attendance were: Messrs. Corder, Dearing, Gibson, Mumford, Brent Pruum (Rehmann Robson), Reid, Sobieralski and Mmes. Hovarter, Jones and Young.

Ms. White called the meeting to order at 3:45 pm. Roll call of attendance was recorded.

### **APPROVAL OF MINUTES**

**MOTION:** Mr. Czerney moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the October 20, 2020 minutes as presented. Mr. Hodge supported the motion, and it was unanimously approved.

### **APPROVAL OF AUDIT ENDING JUNE 30, 2020**

Mr. Pruum presented the fiscal year ending June 30, 2020 financial statements. The Audit was provided in the board packet and presented during the Zoom 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. A new note provided this year based on the COVID-19 pandemic explains the impacts on governance.

**MOTION:** Mr. Czerney moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Audit ending June 30, 2020 as presented. Ms. Fleury supported the motion, and it was unanimously approved.

### **APPROVAL OF ANNUAL REPORT FY 2020**

Mr. Sobieralski stated that Ms. Hovarter provides the Annual Report to the State of Michigan. It is a summary of the financial statements (audit) that was presented.

**MOTION:** Mr. Christensen moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Annual Report for FY 2020 as presented. Ms. Visger supported the motion, and it was unanimously approved.

**MDOT TEDF-CATEGORY A MATCH FUNDS/WATKINS ROAD**

Mr. Sobieralski stated that a spec building is currently being constructed on Watkins Road along I-94 at Exit 92. The developer, Industrial Partners, has a perspective tenant interested in signing a lease for the entire 270,000 sq. ft. building. The tenant is undisclosed at this point. There will be some decent job growth of 200-300 new jobs with the lease. The tenant is concerned with the condition of Watkins Road. Staff reached out to MDOT and MDOT has some programs available to help with the road improvements. Mr. Sobieralski stated that included in the board packet was some engineering costs estimates associated with the road construction for an all-weather road the tenant would need for Phase 1, with two additional phases planned. Mr. Fedders with the City of Battle Creek Department of Public Works (DPW) has met with Kalamazoo County and they do not prefer a signal at the corner of Watkins and Mercury. This brings the cost down by approximately \$250,000.

The perspective tenant does not meet the current guidelines for the MDOT category A funding. There is still a window of opportunity to seek MDOT funding for future tenants. Staff needs to put a plan together and proposes Board approval for the following. Mr. Sobieralski stated that we alter the land sale upon the developer signing a lease and paying BCTIFA the remaining \$150,000 for Phase 1, the BCTIFA moves forward in selling both Phase 2 and Phase 3, with three additional parcels (Charleston Township), utilize the proceeds of the sale to upgrade Watkins Road. If the LDFA stretches to I-94, the scenario would be the BCTIFA would loan the LDFA to finish upgrades to Watkins Road. The LDFA incremental taxes would pay the BCTIFA back.

Mr. Sobieralski stated that the BCTIFA owns three parcels located in Charleston Township that were acquired back in 1997 and 1998. Staff suggests selling the three parcels for \$425,000, to recoup costs associated with acquiring and demolition. There are two additional parcels that the developer is working with property owners to acquire. A 425 with Charleston Township would need to be sought. A 425 Agreement is conditionally a land transfer between two municipalities for up to a certain time frame.

Mr. Sobieralski proposed three requests, upon the developer signing an executed lease and paying the remaining \$150,000 for Phase 1, the BCTIFA authorizes staff to sell the original Phase 2 and Phase 3 upfront with payment schedule as negotiated. The second request is that BCTIFA authorize staff to begin negotiations to sell the three parcels located in Charleston Township at an asking price of \$425,000, subject to Charleston Township agreement to a 425 Agreement. The third request is that BCTIFA create a project in the Capital Budget to start expending dollars for engineering services so that we are ready for the construction of Watkins Road should we need BCTIFA funding or MDOT to qualify.

Mr. Sobieralski stated that the original costs associated with the sale of the I-94 South was \$1 million, \$150,000 for Phase 1, \$150,000 upon leasing Phase 1, and the other two parcels was each \$350,000. Adding \$425,000 for the Charleston Township properties for a grand total of \$1,425,000. Mr. Sobieralski stated that he is asking to spend up to \$50,000 for engineering.

Mr. Sobieralski stated that this development has already triggered another developer interested in I-94 North properties. This is the beginning of some significant development around I-94.

MOTION: Ms. Darner moved that the Battle Creek Tax Increment Finance Authority Board of Directors approves creating a Watkins Road Project in Capital Budgets and approve spending up to \$50,000 for professional engineering services for Watkins Road improvements. Mr. Davis supported the motion, and it was unanimously approved.

MOTION: Ms. Fleury moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve upon an executed lease of Phase I, and remaining full payment paid, the BCTIFA gives staff the authorization to amend purchase agreement for Phase 2 and Phase 3 to sell all at once with a scheduled payment plan with Industrial Partners. Ms. Darner supported the motion, and it was unanimously approved.

#### **WATKINS/MERCURY DRIVE LAND SALE**

MOTION: Ms. Fleury moved that the Battle Creek Tax Increment Finance Authority Board of Directors the sale of three BCTIFA-owned parcels located in Charleston Township for the sale of \$425,000, subject to Charleston Township agreeing to a 425 Agreement. Mr. Davis supported the motion, and it was unanimously approved.

#### **BCTIFA LEGAL COUNSEL RFP**

Mr. Sobieralski stated that Mr. Mumford is retiring and was the legal counsel for over 35 years representing the three entities: BCLDFA, BCBRA and BCTIFA. The BCTIFA submitted an RFP for new legal counsel moving forward and received two bids, Mumford's office, and Clark Hill. Staff recommends Clark Hill be the new legal entity representing the three entities.

MOTION: Ms. Visger moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve hiring new BCTIFA legal counsel Clark Hill as presented. Mr. Christensen supported the motion, and it was unanimously approved.

#### **BUDGET/TENTATIVE 2021-2022 BUDGET SCHEDULE**

Mr. Sobieralski stated that the Budget Committee will soon receive invites to go over the next fiscal year budgets. The meetings should be end of March or first of April.

#### **DB3 SENSI PARK UPDATE**

Mr. Corder provided an update on the cannabis project from the developer. BCTIFA provided an extension for the due diligence period in the fall which runs until February 1. Staff has calls with the developer every two weeks. The developer continues to gather financing but faces challenges due to the pandemic. The developer has asked about flexibility of payment plans or phases like what was done on I-94. Staff hopes to hear more news by the end of month.

Mr. Sobieralski stated that one the extension has expired staff will draft a letter that informs the developer that allows staff to continue to market the land.

### **PROSPECT/PROJECT DEVELOPMENT UPDATE**

Mr. Sobieralski provided an update on a company that is currently leasing 5,000 sq. ft. space in the Customs Cargo Center and is growing and needs to expand. The company is interested in the 3 acres adjacent to the BCU parking lot to construct a new facility. The company needs 10,000-15,000 sq. ft. The property would allow the company to build up to 65,000 sq. ft. facility on the parcel. The company would construct so it would allow the company to expand in the future. The company could be ready to purchase before the April meeting. A special meeting may be needed.

Mr. Sobieralski stated that the Watkins Road project could accelerate and need additional action before including MDOT.

Mr. Sobieralski stated that he is currently working with a developer interested in I-94 North. The developer may make an offer very soon and would require approval so that they are able to proceed with the due diligence period.

### **PUBLIC COMMENTS**

Mr. Christensen thanked Mr. Mumford for his years of service as legal counsel providing guidance. It has been a pleasure getting to know him and wished him the best in his retirement. Good Luck!

Mr. Mumford stated that he came on board the BCTIFA in the mid-80s and a decision was made to acquire property outside the Fort Custer Industrial Park. After 35 years, we are now just seeing the activity and creating the tax base for the City. He is excited for what is ahead.

Ms. White thanked Mr. Mumford as a new and ongoing BCTIFA member for the education and support. She suggested that he really enjoy his retirement and someday visit a meeting and provide public comments.

### **ADJOURN**

There being no further business, the meeting was adjourned at 4:35 p.m.