

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, September 15, 2020

A special meeting of the Battle Creek Tax Increment Finance Authority (BCTIFA) was held on Tuesday, September 15, 2020 at 3:00 pm via Zoom conference call. The following individuals were in attendance: Messrs. Christensen, Claywell, Davis, Hodge, Wilson, and Mmes. Darner, Fleury, Straub, and Visger.

Absent: Mr. Czerney and Ms. White.

Also in attendance were: Messrs. Bowron, Steven Bratic (DB3), Michael Cooper (Independent Barley & Malt), Corder, Dearing, Gibson, Mumford, Reid, Mark Schauer (Independent Barley & Malt), Sobieralski, Leon Van Hook (DB3), Anthony Wright (DB3), and Mmes. Hovarter, Jones and Young.

Mr. Christensen called the meeting to order at 3:00 pm. Roll call of attendance was recorded.

APPROVAL OF MINUTES

MOTION: Mr. Christensen moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the July 21, 2020 minutes as presented. Mr. Davis supported the motion and it was unanimously approved.

LAND SALES

Shiga Drive – Mr. Corder stated that Project Viking is a manufacturing company looking for a greenfield site. The project came from the State's MEDC office. The company was not looking at sites in the region but was unable to find land that met their needs. The company expanded their search to include Battle Creek and Kalamazoo and one site in Indiana. MEDC has provided an incentive offer to include \$7,000 per job for 125 jobs. Wages are very competitive and are on the high side. The company is an employee owned company, has multiple locations throughout the upper Midwest. The company would complement Battle Creek, as well as bring something new to our region. The company has identified two sites on Shiga Drive, parcels 129 and 130. The sites are suited for their timeline as they are shovel ready. Staff has provided the company with the purchase price of \$27,500 per acre.

Mr. Sobieralski stated that the project is a \$25 million capital investment, 125 jobs, employee owned company which offers a full health platform of benefits, and profit-sharing opportunities.

Mr. Corder stated that the company would appoint a lead executive to relocate to Battle Creek with six executives from existing facilities and would hire local employees.

The parcel sold to Bowers Aluminum was sold for \$8,000-\$9,000 per acre as the land was sold before the clearing process.

Staff was seeking a motion to sell both parcels of property for \$27,500 per acre to Project Viking should they choose Battle Creek. Staff will work with legal counsel to add language that includes that if the company does not choose to use both lots, that the BCTIFA has the right to purchase the land back.

Mr. Sobieralski stated the company has a strong financial presence; some may even recognize the name. These two parcels are great sites and once the company has landed, staff will have to explore preparing additional sites to be shovel ready.

Mr. Claywell stated the project sounds great. Has there been any consideration of incentives in the case that the company adds additional jobs to isolate or protect us in the future should they approach us about asks?

Mr. Sobieralski stated that we would make it clear. All the infrastructure is present. That is the appeal for both lots that they can start construction as soon as possible. Mr. Sobieralski supported the sentiment.

MOTION: Mr. Wilson moved that the Battle Creek Tax Increment Finance Authority approves the sale of two Shiga Drive lots for \$27,500 per acre to Project Viking with special wording into the Sales Agreement as discussed. Mr. Hodge supported the motion and it was unanimously approved.

Hill Brady Road – Mr. Sobieralski stated that Franklin Plastics is currently located on Hill Brady Road. The site adjacent to their site is a BCTIFA-owned site of 7.562 acres. Franklin Plastics is interested in acquiring this site to build a storage building to hide existing outdoor storage at the existing site. The company is currently out of room at their current location. A munitions zone with the Air National Guard encroaches a portion of their existing site. The proposed site is 7.562 acres but only has three to three and a half acres of developable land. This parcel is not sufficient for any other company but would be suitable for Franklin Plastic's expansion. Staff proposes the BCTIFA consider selling the land to Franklin Plastics for \$1.00 per acre.

Language would be added to the sales agreement that any extra clean fill dirt would be donated to the airport.

MOTION: Ms. Fleury moved that the Battle Creek Tax Increment Finance Authority approves the sale of 7.652 acres of land for \$1.00 per acre to Franklin Plastics, use the new facility to hide all outdoor storage, clean fill to airport if available. Ms. Visger supported the motion and it was unanimously approved.

Clark Road/Brydges Drive/River Road – Mr. Corder stated that Independent Barley & Malt is a start up business proposing to build a malting facility that will serve Michigan's craft beer industry. The proposed facility will be 32,000 sq. ft. and include production space, offices, labs, and meeting rooms. The company plans to employ 19 people within the first 12 months of operations. The capital investment is planned at \$6.5 million. The company plans to start operations in Summer 2021.

Mr. Corder introduced Michael Cooper, President & CEO, and Mark Schauer, Director of Corporate Affairs. Mr. Schauer and Mr. Cooper provided a summary of the project. Municipal water and sewer are key to the project as the price of land under consideration. Battle Creek is the preferred site. Bringing the grain refining facility to the craft brewing and distilling industries has a great connection.

Mr. Cooper built and ran the Cereal City USA, directed the Heritage Battle Creek, developed bio-fuels industry and successful in agricultural commodity processing. Mr. Cooper stated that their process is to make the raw material for alcohol, for craft brewers. They plan to build a premium malt plant. There is a commodity side and craft side to this business. The company will serve the craft side. Serving Michigan, Indiana, and Ohio markets. The facility will be modern, high tech, high level of automation, clean food grade, very skilled safe employment opportunity. They look forward to being a part of Battle Creek's food and beverage future.

Mr. Corder stated that the land that staff has proposed borders West River Road to the north, Clark Road to the West, and Brydges Drive to the front parcels. This is a large piece of land; the top of the hill has a flat plain. The entire parcels are being considered for future growth.

Mr. Sobieralski stated that staff provided the company with options in Battle Creek that we could present to the Board that would meet their needs and our needs as a community. The lots have significant challenges (elevation), and good qualities that meets the project needs. The Harmonia Cemetery sits on the hilltop as well.

The processing will not have any omissions, very little smell from roasting with a cereal or cookie smell. The raw material will arrive in bulk trucks, hopper bottom trucks, once daily, five days a week, 300 days a year. There will be multiple semi-trucks or vans that will deliver products.

Mr. Sobieralski stated that Battle Creek's contribution to the project is the significant land reduction costs in getting the project. Construction to be completed, occupancy permit awarded by December 2021. The property will not be subdivided.

MOTION: Mr. Davis moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the sale of 29 acres (six parcels) at \$1.00 per acre to Independent Barley & Malt with terms outlined by legal counsel. Ms. Fleury supported the motion and it was unanimously approved.

FARM LEASES

Mr. Sobieralski stated that the farm leases with Hiscock Farms are due to expire December 31, 2020. Mr. Hiscock is interested in renewing the leases. BCTIFA has four properties that are leased to the farmer at \$140 per acre. The I-94 South parcel has been removed from the leases as a spec building project in underway. Mr. Sobieralski suggested renewal for three years on the four proposed sites.

Parcel 1 is located at West Columbia Avenue; Parcel 2 is Stone Jug Road; Parcel 3 is Stone Jug Road; and Parcel 4 is 1010 Watkins Road.

MOTION: Mr. Davis moved that the Battle Creek Tax Increment Finance Authority Board of Directors approves renewal of four leases with Hiscock Farms as presented. Mr. Wilson supported the motion and it was unanimously approved.

EDA GRANT SUPPORT AIRPORT APRON

Mr. Sobieralski stated that the CARES ACT rolled out some special funding for the EDA that brings down the match price to 80/20. The EDA will cover 80% and local will cover 20%. There is a potential expansion for an existing tenant, and we would like to take this opportunity for an apron expansion and taxiway at the Airport. An application for EDA Grant support to cover 80/20 of a \$4 million project. The 80% match would be \$3.2 million and 20% match would be \$800,000. The BCTIFA does have the ability to match the grant agreement. However, until the BCTIFA signs the agreement the dollars are not committed. There is a possibility that the project does not move forward. This project is close to one year out. The Resolution demonstrates the ability to match the funds.

Mr. Gibson stated that until the grant agreement is signed there is nothing that locks the BCTIFA in. It will be almost one year before we find out approval process. Mr. Gibson stated that it is a worthy project.

MOTION: Mr. Claywell moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Resolution of support for the EDA Grant to support the Airport Apron and Taxiway. Mr. Hodge supported the motion and it was unanimously approved.

BCTIFA LEGAL REPRESENTATION/TRANSITION

Mr. Sobieralski stated that Daryl Mumford has been the BCTIFA legal representative for approximately 40 years. Mr. Mumford has positioned to part time and still representing the BCTIFA. Mr. Mumford plans to fully retire by the end of this calendar year. Mr. Sobieralski proposed moving forward obtaining new legal service between now and the end of the year to allow for a nice transition. Mr. Sobieralski suggested staff craft an RFP for legal representation for the BCTIFA.

Mr. Mumford stated he has immensely enjoyed his work with the BCTIFA and the economic development work for the community. He thanked the Board for the opportunity to serve.

Ms. Fleury supported going forward with designing an RFP because it is a public body, for transparency and what competitive bids are available. She thanked Daryl for his years of service.

The following BCTIFA Board members volunteered to review the RFP with staff prior to it going out: Rebecca Fleury, Amber Straub, and Jeremy Wilson. The RFP would require to be sent out in October.

PROSPECT/PROJECT DEVELOPMENT UPDATE

Update on DB3 – Mr. Corder stated that the cannabis campus along West River Road and Armstrong Road behind the VA Medical Center. In May, DB3 contacted staff and requested an extension of the due diligence period and the BCTIFA granted the request. Due to the COVID-19 pandemic this has impacted their ability to move forward. The company has requested an additional extension.

Mr. Tony Wright provided an update on the project. The team is all in place and includes the following: Jason Gyorki – Facilities Project Manager; Steven Bratic – Vice President of Business Development; Antero Group – Civil Engineer Team; Urban Lab – Master Planning Team; Tower Pinkster – Architect & Engineering Team.

Sensi Park Featured in Build Central’s Top 10 Planned Cannabis Facility in the US. Details of the project include: \$100 million capital investment; five million square feet facility, space for growing and processing, multi-level greenhouse facility, research and development laboratories, collaboration center and offices, 24-hour security.

Mr. Corder stated that weekly calls are made with the DB3 team, sharing information on prospects, moving forward. The pandemic has been a huge impediment no one could plan for. The company is asking for an additional extension for due diligence period. The period would be for 180 days (September 1, 2020 to February 28, 2021).

MOTION: Mr. Davis moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the 180 days extension request for DB3 as presented. Ms. Fleury supported the motion and it was unanimously approved.

PUBLIC COMMENTS

Mr. Sobieralski asked the BCTIFA Board to keep the October 20, 2020 board meeting on their calendars. The Board would be notified if there is no need to hold a meeting.

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