

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, May 11, 2021

At a special meeting of the Battle Creek Tax Increment Finance Authority (BCTIFA) held on Tuesday, May 11, 2021, at 3:00 pm via virtual Zoom conference call. The following individuals were in attendance: Messrs. Christensen, Czerney, Davis, Hodge, Wilson, and Mmes. Darner, Fleury, Straub, Visger, and White.

Absent: Mr. Claywell.

Also, in attendance were: Messrs. Bowron, Corder, Dearing, Gibson, Reid, Sobieralski, Stewart, Leon Van Hook (DB3), Antonio Wright (DB3) and Mmes. Hovarter, Jones, Kourtney Matuschka (City Finance), Nancy Mullett (Clark Hill), Vette, and Young.

Mr. Christensen called the meeting to order at 3:00 pm. Roll call of attendance was recorded. Ms. White entered the meeting shortly thereafter.

APPROVAL OF MINUTES

MOTION: Mr. Wilson moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the April 20, 2021, Annual Meeting minutes as presented. Ms. Visger supported the motion. Motion was approved unanimously by roll call vote.

MOTION: Mr. Wilson moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the April 20, 2021, Regular Meeting minutes as presented. Ms. Straub supported the motion. Motion was approved unanimously by roll call vote.

AMEND FY 2020-2021 OPERATING & CAPITAL BUDGETS

Mr. Sobieralski presented a summary of both the FY 2020-2021 amended Operating and Capital Budgets. **Operating Summary:** Revenue: \$2,885,138; Expenses: \$2,884,811; Income over expense: \$327; Fund balance \$888,297. **Capital Summary:** Revenue: \$179,362; Expenses: \$866,576; Income over expense: (\$687,214) – Fund balance \$3,220,748.

MOTION: Mr. Christensen moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve to amend the FY 2020-2021 Operating and Capital Budgets as presented. Ms. Fleury supported the motion. Motion was approved unanimously by roll call vote.

APPROVE FY 2021-2022 OPERATING & CAPITAL BUDGETS

Mr. Sobieralski presented a summary of both the FY 2021-2022 Operating and Capital Budgets. **Operating Summary:** Revenue: \$2,747,477; Expenses: \$2,697,253; Income over expense: \$50,224 – Fund balance \$938,521. **Capital Summary:** Revenue: \$224,943; Expenses: \$2,276,322; Income over expense: (\$2,051,379) – Fund balance \$1,169,369.

Mr. Bowron presented a summary of the projects for the Battle Creek Executive Airport at Kellogg Field for FY 2021-2022. The following were highlighted:

Note 1 – Preliminary Runway Approach Clearing - \$88,650

Note 2 – Runway Approach Clearing – Phase 1 - \$200,000

Note 3 – Upgrade HVAC Global Control Module at ATCT - Building automation system - \$10,838

Note 4 – Airport sign and wayfinding program - \$50,000

Note 5 – Replace ATCT VHF transmitters and receivers - \$101,500

Note 6 – Replace 2003 3/4 ton pickup truck - \$33,000

Note 7 – Replace Forward Looking Infrared camera on Crash 10/ARFF vehicle - \$10,000

Note 8 – Replace audio/visual equipment in multipurpose room - \$32,000

Note 9 – Replace underground fuel storage tank monitoring system - \$9,500

MOTION: Ms. White moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the FY 2021-2022 Operating and Capital Budgets as presented. Mr. Wilson supported the motion. Motion was approved unanimously by roll call vote.

RENEWAL OF GOVERNMENT LEASE WITH MARINE CORPS

Mr. Sobieralski stated that the Battle Creek Tax Increment Finance Authority owns the man-made lake named Lawrence Lake and leases the property to the Marine Corps annually. The Marine Corps originally used Harts Lake, but for environmental reasons they moved the Marine Corps to the man-made lake. Staff was seeking approval from the Board to lease Lawrence Lake with the government as presented. Enclosed for your records is a renewal notice for lease N62467-95-RP-00076 covering the use of approximately 131.17 acres of land, including portions of Lawrence Lake and Engineer Lake. This renewal covers the period of June 1, 2021, through May 31, 2022. The previous lease was for 30-years. Staff will find out why the government only wants to lease for one year or if, in fact, they renew each year.

MOTION: Mr. Christensen moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the renewal of government lease with Marine Corps as presented. Mr. Czerney supported the motion. Motion was approved unanimously by roll call vote.

PROSPECT/PROJECT DEVELOPMENT UPDATE

db3 Sensi Park Update – Mr. Corder stated that representatives of db3 are also on the call today. The company represents the cannabis project that staff has been working on for approximately one and half years. The company is interested in purchasing the 100-acres along Armstrong Road and W. River Road on the northside of the Fort Custer Industrial Park. Last year, the BCTIFA agreed to a purchase price of \$1.4MM for the property. The original agreement called for a lump sum payment. With COVID-19, the development slowed-down and the company has requested an amendment to the purchase agreement that would break the payments up into four payments. The 1st payment June 30, 2021 (\$280,000); 2nd payment, December 31, 2021 (\$280,000); 3rd payment, March 31, 2022 (\$210,000); and 4th payment, December 31, 2022 (\$630,000); for a total of \$1.4MM over 18-month period.

Messrs. Antonio White and Leon Van Hook both Managing Partners with db3 presented the following: db3 would also request that the Sales Agreement remain in place with no penalties. That the Sales Agreement remain proprietary between db3 and BCTIFA.

As you would expect, 2020 was especially challenging. While the pandemic did certainly slow our momentum, db3 is committed to bringing Sensi Park to reality. Db3 will continue to pursue:

- Cannabis grow/processing tenant for 500,000 square feet
- Capital investor for funding cannabis build not to exceed ~\$100M
- Data Center tenant interested in disaster recovery location upward of 150,000 square feet
- Data Center tenant interested in data infrastructure boost in the Midwest and Western Michigan upward of 300,000 square feet

Mr. Wilson asked if the BCTIFA were to agree on breaking up payments, what would the terms of the contract be, and what legal opportunities do we have if payments are missed?

Mr. Sobieralski stated that the BCTIFA would work with our legal counsel to work out the flexible, and it does not put us in an adverse position. If there is some comfort with the payment plan, we would agree to the payment concept, and allow Ms. Mullett (legal counsel) to put a contract together for consideration.

Mr. Wilson stated that before he voted to approve it, he would want to understand the contractual parameters.

Mr. Czerney asked if there has been any other interest expressed in the property?

Mr. Corder replied no. The property has some challenges. This is property that we do not currently market.

Mr. Sobieralski stated that staff is seeking direction for approval in the concept of the payment plans and allow staff to work with legal counsel and the db3 to work up a contract for future approval.

Mr. Corder stated that one year ago a purchase agreement for the lump sum was approved. This is only a modification of the agreement.

Staff will seek BCTIFA Board approval at the next meeting in July.

PUBLIC COMMENTS

No public comments were made.

ADJOURN

MOTION: Ms. White moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve to adjourn the special meeting. Mr. Christensen supported the motion.

There being no further business, the meeting was adjourned at 4:34 p.m.