

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, July 20, 2021

At a regular meeting of the Battle Creek Tax Increment Finance Authority (BCTIFA) held on Tuesday, July 20, 2021, at 3:00 pm via virtual Zoom conference call. The following individuals were in attendance: Messrs. Christensen, Claywell, Davis, Hodge, Wilson, and Mmes. Straub, Visger, and White.

Absent: Mr. Czerney, and Mmes. Darner and Fleury.

Also, in attendance were: Messrs. Bowron, Corder, Dearing, Reid, Sobieralski, and Mmes. Jones, Kourtney Matuschka (City Finance), Nancy Mullett (Clark Hill), and Young.

Ms. White called the meeting to order at 3:00 pm. Roll call of attendance was recorded. Mr. Sobieralski stated that this would be the last virtual meeting.

APPROVAL OF MINUTES

MOTION: Ms. Straub moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the May 11, 2021, Regular Meeting minutes as presented. Mr. Wilson supported the motion, and it was unanimously approved.

AMEND BY-LAWS

Mr. Sobieralski stated the BCTIFA By-Laws required amending to move the annual and quarterly meetings out an additional month to allow extra time for budgeting process. The proposed amendment would allow more convenience, rather than call a special meeting to adopt the budget. The By-Laws received an update and are clearer and more concise.

Ms. Mullett stated the By-Laws currently in place contained outdated information, the Authority Board desired additional flexibility for meetings, and requested the By-Laws be amended and brought up to date.

MOTION: Ms. Visger moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Resolution as presented for the Amended By-Laws. Mr. Hodge supported the motion, and it was unanimously approved.

SET YEARLY SCHEDULE

Mr. Sobieralski stated that since we have moved out the quarterly meeting schedule by one month, we need to set the yearly schedule as outline in the board package. The regular schedule monthly meetings are as follows: February, May (Annual), August, and November. Staff can cancel a meeting, as well as hold a special meeting.

MOTION: Mr. Christensen moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the yearly schedule as presented. Mr. Wilson supported the motion, and it was unanimously approved.

LOAN AGREEMENT FOR LDFA

Mr. Sobieralski stated that the BCTIFA Board approved in the Capital Budget to shift up to \$1.7 million to the Battle Creek Local Development Finance Authority (LDFA) to upgrade the Watkins Road that is servicing the spec building and two other parcels. The LDFA will begin capturing some Tax Increment Revenue and will have the ability to pay back the BCTIFA Capital Fund. This is an intergovernmental loan. The LDFA agrees to pay the BCTIFA the full amount of \$1.7 million together with interest rate of 3% per annum. Payments shall be made annually based on the incremental increase in the tax value beginning 12 months after completion on an annual basis until paid in full. The loan may be prepaid in whole or part without penalty. Mr. Sobieralski stated that the loan should be paid off within 10 years, and if additional buildings get added, even sooner.

Mr. Sobieralski stated that Carl Fedders with the City of Battle Creek will be bidding this project out.

The BCTIFA Board suggested that an annual minimum payment of \$150,000 be made to the BCTIFA.

MOTION: Mr. Wilson moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Loan Agreement for LDFA with the \$150,000 minimum annual payment as presented. Ms. Visger supported the motion, and it was unanimously approved.

DB3 – APPROVE NEW PROPOSAL

Mr. Sobieralski stated that included in the board package is the proposed new Sales Agreement, the redline version of the Sales Agreement, Mortgage, Promissory Note, Warranty Deed, and Affidavit. To progress the project along and move the project forward, a payment schedule, including earnest dollars of \$10,000. The purchase price is \$1.4 million. The first payment is planned for September 2021 at a cost of \$280,000. Mr. Sobieralski stated that this is the mechanism that we needed to allow the company DB3 to proceed with the due diligence and it also protects the BCTIFA. If the company is unable to meet the milestones provided, this project will not move forward, and the staff will begin marketing the land.

MOTION: Mr. Hodge moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Sales Agreement and supporting documents as presented. Mr. Davis supported the motion, and it was unanimously approved.

PROSPECT/PROJECT DEVELOPMENT UPDATE

Project Viking – is moving forward with the acquisition of 41.2 acres on Shiga Drive. The company is applying for a Tax Abatement with the City of Battle Creek for the investment of \$25 million and 91 jobs in phase one (first five years). The company has proposed that phases two and three would total 200 jobs. The BCTIFA Board approved the sale of the Shiga Drive sites back in fall 2020, and a Letter of Intent was submitted. The company will pay \$27,500 per acre for a total of \$1,133,000. The company is also waiting on MEDC approval. The company makes the large MDOT snowplow equipment.

The company will service Michigan, Indiana, Illinois, Wisconsin, Minnesota, and Pennsylvania. This will be a great company for Battle Creek. The company is an employee stock ownership plan (ESOP), providing good benefits and good pay. The company will be producing stainless components in phase two and three.

Mr. Sobieralski stated that there may be a need to hold a meeting on August 17 at 3:00 p.m. as staff is working with a company at the airport on a potential expansion. We are also exploring some easement work with the upgrades on Watkins Road. This will require approval from the BCTIFA Board.

Mr. Sobieralski stated that there has been a very high activity of prospects. He is not sure where the workforce will come from for the existing companies, including new companies looking in the general area.

Financial Statements for both the General and Capital Budgets were provided in the board package for informational purposes. No items were discussed.

PUBLIC COMMENTS

No public comments were made.

ADJOURN

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

There being no further business, the meeting was adjourned at 3:31 p.m.