

BATTLE CREEK BROWNFIELD REDEVELOPMENT AUTHORITY

Monday, November 18, 2024

At the regular meeting of the Battle Creek Brownfield Redevelopment Authority (BCBRA) held on Monday, November 18, 2024, at 4:05 p.m. at the Frederick R. Brydges Customs Cargo Center in the BCU Board Room. The following individuals were in attendance: Messrs. Christensen, Claywell, Hodge, Smith, Wilson, and Mmes. Darner, Fleury, Par, Visger, and White.

Absent: Mr. Woodard.

Also, in attendance were: Messrs. Percy Bean, Jr. (Jackson Bean Management), Reece Burton (Revitalize, LLC), Corder, Dearing, Hughes, Bruce Johnston (Revitalize, LLC), Sobieralski, ter Avest, Weaver, and Mmes. Carla Dean (Jackson Bean Management), Teresa Christensen, Jones, Woodin, and Young.

Dr. White called the meeting to order at 4:05 p.m. Roll call of attendance was recorded.

APPROVAL OF REGULAR MINUTES

MOTION: Dr. Smith moved that the Battle Creek Brownfield Redevelopment Authority Board of Directors approve the minutes of the August 19, 2024, regular meeting as presented. Ms. Par supported the motion, and it was unanimously approved.

BRA PRINCIPAL REPAYMENT TO TIFA – TODA/BASF PROJECT

Mr. Sobieralski stated that in 2009 BCTIFA agreed to loan up to \$5,500,000 to the BRA for an enhanced Brownfield Plan to attract the TODA company now known as BASF. The actual loan amount taken was \$2,265,333.67. At the time, the BRA did not have sufficient funds to make the upfront commitment (to be paid back via incremental revenue on tax creation). So, an intergovernmental loan was executed. The loan was at a rate of 5.0% rate. In 2019/2020 the loan amount was increased to \$2,749,861.96 for brownfield eligible repair work to a retention pond on site.

The current rate of tax increment income created by the project is only sufficient to pay back the TIFA interest payments and very minimal principal. That could change drastically should BASF decide to expand their footprint at the site (allowing for more tax capture under the BRA plan). The current outstanding balance of the loan sits at \$2,781,203.33 (6/30/2024). The Brownfield Plan was for a 30-year period.

Staff are recommending that BRA move to have documents prepared for final approval to be executed at the next BRA/BCTIFA meeting(s) should all background research confirm this is not going to affect the Brownfield Plan for the project.

Considering many changes that have occurred to the Brownfield legislation recently (specifically within housing – there will be pressure put on BRA's fund balances). The changes will make the BRA a more utilized tool and we do not want prior commitments to be jeopardized or lost.

Staff recommends that the BRA make a one-time principal payment back to BCTIFA in the amount of \$1,000,000. This will allow future interest and principal payments to have the ability to pay down the principal loan balance in subsequent years. This will also allow for a workable fund balance to remain and begin to continue to accumulate while preserving the ability to fund future projects. It is recommended that the BRA

fund balance be monitored to have the ability to support future projects but to also have the ability to make additional principal payments back to BCTIFA as funds are made available.

Legal: The terms of the Promissory Note do not limit the amount that the BRA can repay in a given year. The language appears to create a mandatory “floor” for repayment based on the amounts captured with a \$75,000 allowance for administrative expenses. These terms appear to create some flexibility for the BRA in the sense that the repayment obligation would not make them cash poor/unable to meet administrative obligations and repayment obligations under the Note.

Brownfield Plan: Currently being reviewed by SME as to whether there are any impacts on the Brownfield Plan.

MOTION: Dr. Smith moved that the Battle Creek Brownfield Redevelopment Authority Board of Directors approve action item #2, prepare documents to make a one-time principal payment back to BCTIFA in the amount of \$1,000,000, as outlined; not waiving any liabilities. Mr. Wilson supported the motion, and it was unanimously approved.

PROJECT 99 W. MICHIGAN AVENUE – SET ASIDE \$1 MILLION FOR ENHANCED BROWNFIELD PLAN

Mr. Sobieralski introduced guests from Jackson Bean Management, and Revitalize, LLC. This is a project located in downtown Battle Creek. Jackson Bean Management and Revitalize LLC continue working on the capital stack for the project, which include senior lenders, junior lenders, and RAP 3.0 from the Michigan Economic Development Corporation (MEDC). The project is a mixed-use development, restaurant on the first floor, entertainment in basement, and ten (10) residential units.

Mr. Sobieralski is seeking approval to set aside \$1 million for an enhanced Brownfield Plan for up to one year. The project would return for final approval after they finalize the capital stack for the project.

Mr. Sobieralski stated that he will provide a letter stating that the Battle Creek Brownfield Redevelopment Authority Board supports the project. The Brownfield Plan would be brought back at a later date.

MOTION: Mr. Wilson moved that the Battle Creek Brownfield Redevelopment Authority Board of Directors set aside \$1 million for an enhanced Brownfield Plan for up to one year and allow Mr. Sobieralski to write a letter of support. Dr. Smith supported the motion, and it was unanimously approved.

ACCEPT ROD CHRISTENSEN BOARD RESIGNATION

A letter of resignation was received from Rod Christensen effective after this meeting. Mr. Christensen served 14 years on the Board. Mr. Christensen will be retiring from Duncan Aviation in December and will no longer be eligible to be a Board member.

MOTION: Mr. Claywell moved that the Battle Creek Brownfield Redevelopment Authority Board of Directors accept Rod Christensen resignation as presented. Mr. Wilson supported the motion, and it was unanimously approved.

Mr. Christensen was congratulated, wished well on his retirement, and thanked for his service on the Board.

ACCEPT REBECCA FLEURY BOARD RESIGNATION

A letter of resignation was received from Rebecca Fleury effective November 30, 2024. Ms. Fleury is retiring as the longest-serving City Manager, serving 10 years.

MOTION: Mr. Claywell moved that the Battle Creek Tax Increment Finance Authority Board of Directors accept Rebecca Fleury resignation as presented. Mr. Hodge supported the motion, and it was unanimously approved.

Ms. Fleury was congratulated, wished well on her retirement, and thanked for her service on the Board.

PROSPECT/PROJECT DEVELOPMENT UPDATE

Assistant City Manager Ted Dearing will replace Rebecca Fleury on the BCTIFA Board as Interim City Manager.

BOARD MEMBER COMMENTS

Departing board members Rod Christensen and Rebecca Fleury were thanked for their years of service and dedication to the Board. A reception was held after the meetings.

PUBLIC COMMENTS

No comments were made.

ADJOURN MEETING

MOTION: Mr. Wilson moved that the Battle Creek Brownfield Redevelopment Authority Board of Directors approved to adjourn the regular meeting. Mr. Hodge supported the motion, and it was unanimously approved.

There being no further business, the meeting was adjourned at 4:32 p.m.