

A G R E E M E N T

This Agreement is made and entered into this _____ day of _____, 1983, between and among the City of Battle Creek, a Michigan municipal corporation, hereinafter called "the City", Battle Creek Unlimited, Inc., a Michigan nonprofit corporation, hereinafter called "BCU", and BC/CAL/KAL Inland Port Authority of South Central Michigan Development Corporation, a Michigan nonprofit corporation, hereinafter called "BC/CAL/KAL".

WHEREAS, the City, BCU and BC/CAL/KAL have been operating under an Agreement dated the 1st day of July, 1978, calling for the orderly marketing and development of the Fort Custer Industrial Park and the Frederick R. Brydges Customs Cargo Center and Foreign-Trade Zone #43 located therein, and

WHEREAS, the City has recently annexed the former Township of Battle Creek and amended its charter to provide for a Merger of Equals in order to broaden the economic base of the City so that it can become a more effective partner with BCU, BC/CAL/KAL, business, industry, organized labor, minorities, foundations, and education in the economic development of Battle Creek, and

WHEREAS, pursuant to said Merger of Equals the City will become the beneficiary of contributions from local business and industry of the property tax savings realized by them as a result of the Merger, together with matching contributions from other private and public sources, thus creating an Area Economic Development Fund hereinafter called the "Fund", and

WHEREAS, a so-called Ad Hoc Committee, in addition to the development of the Fund proposal, has developed a Long-Range Development and Revitalization Plan for the City, hereinafter called the "Plan", and an organizational structure for economic development which calls for BCU and BC/CAL/KAL to be the focal point for all commercial and Industrial economic marketing, promotion and development in the New City.

WHEREAS, the City is purchasing a parcel of land from the United States Government under a contract for deed and rental dated the 15th day of January, 1971, hereinafter called "Fort Custer Industrial Park", and is interested in its orderly development for the benefit of the City and all persons in the area and to alleviate unemployment and promote economic development, and

WHEREAS, BCU has had prepared by the Ballinger Company a Master Plan for the orderly development of Fort Custer Industrial Park, and

WHEREAS, the City has caused the construction of a multi-modal cargo warehouse and terminal and office facility, hereinafter called the "Customs Cargo Center", with funds granted to it by the Economic Development Administration of the United States Government and with funds borrowed through the issuance of Economic Development Corporation Revenue Bonds and has deeded the Customs Cargo Center to the Economic Development Corporation of the City of Battle Creek under a Grant on Condition of Reverter dated as of July 1, 1978, in which Center there are to be conducted the following activities:

1. United States Customs clearance services;
2. Multi-modal transportation warehouse and distribution services;
3. Freight forwarding, customhouse brokerage, cargo claims, freight consolidation and related transportation services;
4. Bonded warehousing services;
5. Foreign-trade zone services,

and

WHEREAS, the City has been designated by the United States Customs Service of the Department of the Treasury as a Customs Port of Entry and by the United States Department of Commerce, Foreign-Trade Zone #43, and

WHEREAS, BCU and BC/CAL/KAL have been organized as nonprofit corporations for the purpose of promoting, marketing and developing industry and commerce.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, IT IS AGREED by the parties hereto as follows:

1. BCU, as the exclusive agent of, and for and on behalf of the City, does hereby agree that it shall:
 - (a) Market and promote industrial and commercial development in accordance with the Plan;
 - (b) Administer the Fund in connection therewith, seek and obtain matching contributions from local, state and national public and private sources in order to leverage the contributions of local business and industry to the maximum extent possible for economic development purposes;
 - (c) Work with other local agencies and individuals representing the Chamber of Commerce, organized labor, minorities, foundations and education in order to implement the organizational structure and in connection therewith, to restructure its Board and Executive Board in order to provide appropriate representation of said groups;
 - (d) Negotiate, on behalf of the City and other property owners within the City of Battle Creek, with persons who indicate an interest and ability to undertake industrial and commercial projects at Fort Custer Industrial Park, the Customs Cargo Center and other areas within the City designated from time to time for industrial and commercial development;
 - (e) Maintain for and on behalf of the City that portion of the property within Fort Custer Industrial Park which has not been sold or dedicated to the general public;

(f) Operate and maintain the Customs Cargo Center, including but not limited to providing all services needed for operating the domestic warehouse and bonded warehouse and providing janitorial, snow removal and other services to the tenants and users as required under leases and other contracts executed for and on behalf of the City with the tenants and users.

(g) Perform all of the functions of the Issuer referred to in the Grant on Condition of Reverter pursuant to which the Economic Development Corporation Revenue Bonds were issued, including the collection of all revenues from rentals or other charges received for the use and occupancy of the Customs Cargo Center;



For the purpose of carrying out its function, BCU is hereby authorized to hire such employees, agents, consultants and independent contractors, and may form such subsidiary or affiliated corporations as BCU deems reasonable and necessary to the extent of funds available from grants made by the City, Federal, State and County agencies and from grants and donations from private individuals and organizations (but not from revenues derived from the sale of land, the leasing of space in the Customs Cargo Center or from income from the operation of the domestic and bonded warehouse or Foreign-Trade Zone); provided, however, that BCU shall not bind the City to any sales agreement, lease, contract or other obligation with respect to the City's property without first obtaining the prior written consent of the City.

2. BC/CAL/KAL shall:

(a) Administer for and on behalf of the City the Port of Battle Creek/South Central Michigan, including maintaining relations with the United States Customs

Service and the users of the Port, and assist and advise the City and BCU from time to time in promoting such services to the users as may from time to time be desirable and financially feasible;

- (b) Assist and advise BCU and the City in the operation of the domestic and bonded warehouse, including but not limited to the development for adoption by the City of tariffs, policies and procedures in accordance with applicable Federal, State and Local laws and regulations;
- (c) Operate for and on behalf of the City Foreign-Trade Zone #43, including the development for promulgation by the City of policies and procedures (including the determination of criteria for establishing Sub-zones), rules and regulations for the use of the Foreign-Trade Zone #43, the provision of security for the Foreign-Trade Zone #43 and the preparation and filing of all necessary and applicable forms and reports required by the Foreign-Trade Zones Board and United States Customs Service and, further, assist the City and BCU in the promotion of such services to the users as may from time to time be desirable and financially feasible.

For the purpose of carrying out the functions of BC/CAL/KAL as set forth herein, BCU hereby agrees to hire such employees, agents, consultants and independent contractors as BC/CAL/KAL and BCU deem reasonable and necessary to the extent of funds available from grants from the City, Federal, State and County agencies and from grants and donations from private individuals and organizations (but not from revenues derived from the sale of land, the leasing of space in the Customs Cargo Center or from income from the operation of the domestic and bonded warehouse or Foreign-Trade Zone); provided, however, that BC/CAL/KAL and BCU shall not bind the City to any sales

agreement, lease, contract or other obligation without first obtaining the prior written consent of the City.

3. The City does hereby designate BCU and BC/CAL/KAL as its exclusive agents to carry out the functions herein set forth and does hereby further agree that it shall:

- (a) Maintain the roads, railroads, water, sewer and other public facilities within and provide police, fire and other municipal services to the persons occupying property within Fort Custer Industrial Park in the same manner as provided to other residents of the City.
- (b) With the advice and counsel of BCU and BC/CAL/KAL, design, finance and construct the following public facilities for use by the present and future occupants of Fort Custer Industrial Park: water systems for drinking, manufacturing and fire protection, public roads and storm sewers, sanitary sewers, railroad trackage within rights of way to be retained by the City, berms and buffer strips along Dickman Road and other areas, and such other public facilities as are outlined in the Master Plan prepared by Ballinger Company at such time and in such manner as may from time to time be approved by the City Commission.
- (c) With the advice and counsel of BCU and BC/CAL/KAL, promulgate from time to time a Schedule of Rates and Charges for the use and occupancy of the Customs Cargo Center and for the purchase of services provided by BCU under the terms of this Agreement.
- (d) With the advice and counsel of BCU, establish prices and other terms and conditions for the sale of land at Fort Custer Industrial Park.
- (e) Provide BCU and BC/CAL/KAL with the funds which the parties shall from time to time agree the City must provide as provided in paragraph 4 in order that BCU and BC/CAL/KAL can fulfill their responsibilities as outlined herein.

- (f) Establish and maintain the necessary and appropriate procedures and accounts to insure that revenues derived from sale of land are reserved and expended to pay for the costs of construction and financing of the public facilities constructed by the City as provided in subparagraph (b) above.
 - (g) Establish and maintain the necessary and appropriate procedures and accounts to insure that revenues to the City from occupants of the Park and persons working therein by way of real and personal property taxes and corporate and individual City income taxes and expenses of the City in providing police, fire and other municipal services to the occupants of Fort Custer Industrial Park are identified.
 - (h) With the advice and counsel of BCU, establish policies with respect to the granting of property tax abatements and the use of tax increment financing in connection with industrial and commercial projects in the City.
4. Annually, at a time determined by mutual consent between BC/CAL/KAL, BCU and the City, the parties will use their best efforts to establish a budget for BC/CAL/KAL and BCU for the ensuing year to finance the needs of BCU and BC/CAL/KAL in fulfilling its obligations hereunder.
 5. Annually, within 90 days after the close of the fiscal year of BCU and BC/CAL/KAL, each shall submit to the City an activities and achievement report of their financial affairs for the year then ending.
 6. The City shall have the rights at all reasonable times and places to inspect all of the records and accounts of BCU and BC/CAL/KAL.
 7. On termination of this Agreement, BCU and BC/CAL/KAL shall return to the City any funds provided by the City and not expended or required to be paid for the lawful obligations of BCU or BC/CAL/KAL under the terms hereof prior to termination.

8. BCU and BC/CAL/KAL agree that discrimination against any person and/or business organization in the recruitment, examination, appointment, training, promotion, retention, discipline, or any other aspect of Fort Custer Industrial Park and the Customs Cargo Center, Foreign-Trade Zone #43 and the Customs Port of Entry administrative practices on the basis of race, color, religion, national origin, handicap, sex, age, weight or height shall be prohibited.
9. This Agreement shall commence on the 1st day of January, 1983, and shall continue in effect and automatically be renewed on a yearly basis beginning on the 1st day of July, 1983, and on the 1st day of July of each year thereafter, unless either party gives the other written notice of termination ninety (90) days, or more, prior to June 30th of any year provided, however, the City may terminate BCU's agency as set forth in Paragraph 1(f) and 1(g) without prior written notice in the event BCU shall fail to perform all or any part of its duties as provided therein, and any party may terminate this Agreement for cause upon thirty (30) days prior written notice to the other parties hereto in the event the party so charged fails to cure the default as set forth in said written notice within said thirty (30) days.
10. All prior agreements by and between the parties hereto, including but not limited to the agreements dated the 18th day of August, 1971, and the 19th day of August, 1976, and the 1st day of July, 1978, are hereby terminated and all of the rights and obligations of the parties hereto thereunder shall, effective the 1st day of January, 1983, be governed by this Agreement.

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first written above pursuant to resolutions of their governing bodies.

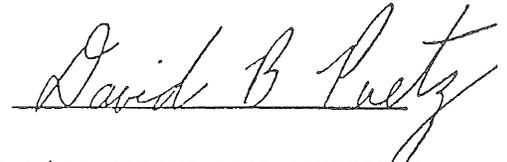
CITY OF BATTLE CREEK

By-



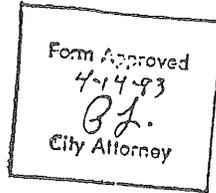
BATTLE CREEK UNLIMITED, INC.

By-



BC/CAL/KAL INLAND PORT AUTHORITY OF
SOUTH CENTRAL MICHIGAN DEVELOPMENT
CORPORATION

By-



to assist in the construction and operation of the Fort Custer AB Sector, Harts Lake Property, Airport development, commercial tract development, and Port of Entry and Foreign-Trade Zone development. With the financing of those projects, it will also assist in making possible the continued retention and attraction of industry, the growth of the industrial service sector, and the positive spinoff impacts on commercial development.

This Plan will first designate the development area, then present the development plan, and finally present the Tax Increment Financing Authority Plan.

VI. Development Area Number One

Because of the dramatic impact which the development plan will have on the entire Fort Custer Industrial Park area, the development area will encompass the entire Fort Custer Industrial Park district. A map of the Fort Custer district and development area number one is contained in Attachment 4 and a legal description of the Fort Custer district and development area number one is contained in Attachment 2 which is the resolution creating the Industrial Development District for Fort Custer Industrial Park. The continued retention and attraction of industry will occur in the AB Sector of the Park, the International Sector, of the Kellogg Airport, and the Harts Lake property. Attachment 4 contains a map of the Fort Custer district and area showing the location of the aforementioned development sectors.

VII. Development Plan

Section 16 of the Act reproduced in Attachment 1 requires that when tax increment financing is used to finance a development, a development plan must be prepared containing all of the information required by Section 16. Therefore, this development plan will closely follow the requirement mandated by Section 16 and each lettered paragraph will seek to supply the information required in the corresponding lettered paragraph of Section 16 (2).

- A. Designation of boundaries of the development area in relation to the boundaries of the Authority District and any other development areas within the Authority District:

Attachment 4 contains a map which outlines the entire Fort Custer Industrial Park district. The district has been subdivided into five development areas:

1. AB Sector
2. International Sector
3. Kellogg Airport
4. Harts Lake Property

5. Research and Development Area

- B. Designation of boundaries of the development area in relation to highways, streets, and otherwise:

Attachments 3 and 4 delineate the district and respective development areas. Highways, streets, and otherwise are all represented clearly on the map in Attachment 4.

- C. The location and extent of existing streets and other public facilities within the development area and the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses and shall include a legal description of the development area:

Attachment 3 contains all pertinent information illustrated in zoning and land use charts of the Fort Custer Industrial Park Development. The district is also delineated in a comprehensive legal description. It should be noted that the land use mix is predominantly industrial with some commercial and recreational.

- D. Location, extent, character, estimated cost and time for completion of improvements:

- continued marketing and management of Fort Custer Industrial Park by Battle Creek Unlimited and BC/CAL/KAL; present and ongoing in accordance with contractual obligations. Such marketing and management may include the building of structures within the development area for sale or lease to businesses wishing to use the Industrial Park.

Physical Improvements will encompass the following:

- construction of Hill-Brady Road between Skyline Drive and Rainbow Rainbow Road with the necessary drainage, sanitary sewer and lift and lift stations; completion by 1986.
- construction of a new road into designated Research and Development area and other necessary improvements; completion by 1990.
- construction of a new road into the former radar site, and other necessary improvements; completion by 1988.
- construction of a rail spur into the 'B' Sector and rehabilitation of existing rail;
- replacement of the Airport Water Booster Pumping Station; completion by 2000;
- construction of a new, 1,000,000-gallon water storage tank and necessary piping; completion by 2000;

- construction of an emergency service depot for police and fire protection, and;
- final acquisition and physical improvement of Harts Lake property.

The Hill-Brady Road estimate is based on an eleven-inch full-depth asphalt base, twenty-four-inch curb and gutter, and fifty-two feet in width face of curb to face of curb. The drainage cost included in the road estimate is only that drainage which is pertinent to construction of the Hill-Brady Road. The estimate included 25% for engineering and contingencies.

New road construction estimates are based on factors comparable to Hill-Brady with the exception of a width of thirty-three feet.

The sanitary sewer and force main, and lift station are designed to accommodate the 'C' Sector development along with the 'D' Sector development (located east of Skyline Drive). The 'C' Sector had a designated flow of 1.3 million gallons per day (approximately 8,000 tons per day) and the sanitary sewer and lift station costs include this additional capacity. A 25% engineering and contingency factor was included in the estimate.

The water storage facility consists of a 1,000,000-gallon ground storage tank to be located on a hill located in the Fort Custer National Guard facility west of Hill-Brady Road. The estimate included the cost of construction of this tank, and the necessary piping to the existing sixteen-inch water main in Hill-Brady Road. The estimate includes a 25% engineering and contingency cost.

The Airport Booster Pumping Station presently consists of two pumps constructed to handle the demand of water in the Fort Custer Industrial Park at the time of construction, with the intent of expanding this booster station when the demand increased. With additional construction that has already occurred in the Industrial Park it will become necessary to increase the capacity of this station.

The development of Hill-Brady Road, its drainage, and the land development served by this road requires extensive retention basin construction. These retention basins are required to protect Helmer Brook and the environment. The estimate for this storm sewer includes 25% engineering and contingencies. Storm sewer retention basins for the 'D' Sector are not included in this estimate.

The railroad extension and rehabilitation costs include extension of a rail spur from existing track north of Dickman. The extension would cross Dickman and serve the 'B' Sector of Fort Custer Industrial Park. The rehabilitation rail would allow service in the 'A' Sector to the westerly boundary of Fort Custer Industrial Park.

All utility and public service improvements financed by the Tax Increment Financing Authority will be maintained by the City of Battle Creek as part of the City's normal municipal maintenance responsibilities.

The following table indicates the current estimate of constructing these facilities, including construction costs, contingencies and engineering:

Sanitary Sewer and Force Main	\$ 420,000
Sanitary Sewer Lift Station	420,000
Airport Booster Pumping Station Expansion	710,000
Storm Sewer Retention Ponds	700,000
Rail Construction and Rehabilitation	1,200,000
Cargo Center Expansion and U. S. Customs Support	1,200,000
Airport Expansion	2,000,000
Fire Station and Fire/Police Training Facilities	<u>500,000</u>
	\$ 7,150,000

The annual contractual obligation to Battle Creek Unlimited and BC/CAL/KAL is presently estimated to be \$ 500,000

From time to time, the Authority may find it necessary to contract with local educational interests to provide training, retraining and specialized language/culture classes. The annual costs are estimated to be \$ 50,000

When deemed necessary, the Authority will establish and maintain a capital replacement reserve as well as a capital expenditure reserve.

Time estimates are in accordance with Master Plan documents. Further planning of projects is ongoing, also in accordance with Master Plan documents.

E. The location, extent, character, and estimated costs of the improvements including rehabilitation contemplated for the development area and an estimate of the time required for completion:

See Section VII, Part D.

F. A statement of the construction or stages of construction planned, and the estimated time of completion of each stage:

See Section VII, Part D.

G. A statement of any parts of the development area to be left as open space and the use contemplated for that space:

AMENDMENT TO THE DEVELOPMENT PLAN AND THE
 TAX INCREMENT FINANCING AUTHORITY PLAN
 (FINANCING PLAN) OF THE
 BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

The Development Plan, (Part Two, Section VII, D) is amended by adding the following:

-construction, replacement, or repair of Airport infrastructure and equipment, including, but not limited to, utilities, roadways, runways, taxiways, aprons, ramps, hangars, terminals, lighting, and maintenance equipment, with estimated cost and completion dates as follows:

Ramp Construction-Phase I	1990	100,000
Ramp Construction-Phase II	1991	100,000
Runway 927	1992	700,000
Hangar Construction-FAA	1992	2,500,000
Traffic Control Tower	1993	1,000,000
T-Hangars and Apron Space	1992-1994	1,000,000

-operation and maintenance of airport facilities at an estimated annual net cost of \$200,000.

-acquisition and physical improvement of available land within the Development Area to promote economic development, at an estimated cost of \$15,000,000, beginning in 1990 and to continue through the life of the plan.

-construction of new roads, water lines, storm and sanitary sewer, and other related improvements, to serve the Hart's Lake property, making it available for new development. Development is expected to begin in 1990 and continue through 2000, as funds become available. Total estimated cost of construction is \$6,000,000.

-expansion and development of Lawrence Lake to provide an alternate military training site necessitated by the development of Hart's Lake for commercial/industrial use. Construction is expected to begin in 1990 with completion by 1992, at an estimated cost of \$2,500,000.

-construction of new roads, water lines, storm and sanitary sewer to serve an area north of the V.A. medical center, off Clark Road. Construction is expected to take place during 1992 and 1993, with an estimated cost of \$2,000,000.

1990 AMENDMENT TO THE DEVELOPMENT PLAN AND
THE TAX INCREMENT FINANCING AUTHORITY PLAN
(FINANCING PLAN) OF THE
BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

The Development Plan (Part Two, Section VII, D) is amended by adding the following:

- construction of new roads, water lines, storm sewers, and sanitary sewers to serve an area east of Skyline Drive. Construction is expected to take place during 1990 and 1991 with an estimated construction cost of \$2,500,000.

The Development Plan (Part Two, Section VIII, B) is amended to provide as follows:

B. Bonded Indebtedness to be Incurred

The total amount of bonded indebtedness to be incurred under this development plan is estimated at \$3,500,000 in FY1991 and such amounts as the City Commission shall approve in subsequent years in development area number one. The Authority will have to establish bonded indebtedness when it chooses to move into other development areas.

The Development Plan (Part Two, Section VIII, C) is amended by inserting a new paragraph 1 and renumbering all of the existing paragraphs. The new paragraph 1 shall be as follows:

1. Amounts necessary to meet payments of principal and interest coming due prior to the next collection of taxes on bonds issued by the Authority in anticipation of the tax increments under this plan.

The Development Plan (Part Two, Section VIII, D) is amended by adding a new paragraph 5. The new paragraph 5 shall be as follows:

5. 100% of the tax increment revenues of the Authority to Kellogg Community College during the time period KCC has responsibility for the operation and maintenance of the Regional Manufacturing Technological Center under the terms of a management and transfer agreement between the City of Battle Creek, Kellogg Community College, and the Authority.

These amendments will decrease annual tax increment revenues to the Authority and increase annual property tax revenues to Kellogg Community College by approximately \$100,000. Other taxing jurisdictions are not affected by these amendments.