

BATTLE CREEK TAX INCREMENT FINANCE AUTHORITY

Tuesday, October 21, 2008 – Revised Minutes

At a regular meeting of the Battle Creek Tax Increment Finance Authority held on Tuesday, October 21, 2008 at 3:00 p.m. at the Frederick R. Brydges Customs Cargo Center, the following were in attendance: Messrs. Adams, Bietsch, Frantz, Karre, Noble, Rae and Tsuchiyama.

Absent were: Bobrofsky, Cutshall, Ihrig, Prochazka, Stewart and Ms. Tuggle.

Also in attendance were: Messrs. Dehn and Mmes. Albrant, Rutherford and Young.

Mr. Adams called the meeting to order at 3:00 p.m.

Approval of Minutes

MOTION: Mr. Rae moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the Minutes of September 24, 2008 as presented. Mr. Noble supported the motion and it was unanimously approved.

Financial Report and Airport Bond Update

Mr. Dehn stated that the Board received information on the BCTIFA Operating & Capital Budget Status Report and Balance Sheet as of September 30, 2008. In addition staff prepared a document titled BCTIFA Capital Funding Sources and Needs Analysis. This document lists the various sources of funding available within BCTIFA Operating & Capital Budgets and also lists the major near term projects approved or under consideration.

Mr. Tsuchiyama reported that there will be a presentation next week in Chicago on the bond rating. Several individuals will be in attendance.

Approval of Sale and Option of River Road Lots 28-37 and Proposed Site Improvements for United Solar Ovonic Project

Mr. Dehn stated that United Solar Ovonic, a producer of residential and commercial solar shingles headquartered in Auburn Hills, Michigan, is considering location of a major expansion project in Fort Custer Industrial Park. The company is considering up to \$440 million in private investment in construction of two 270,000 sq. ft. buildings and installation of machinery and equipment, with plans to create up to 700 new jobs with average wages of at least \$14.00/hour plus benefits.

Staff is recommending authorization by the BCTIFA for the sale of Lots 28, 29 and 37, totaling approximately 45 acres, at a price of \$8,000 per acre. In addition, the agreement would provide the company with an option to purchase an additional 110 acres approximately (Lots 30-36) at a price of \$8,000 per acre for future potential expansion. A GIS map was provided, the acreage highlighted in yellow is purchase and highlighted in red is under option. Staff is also recommending that the BCTIFA authorize up to \$2.6 million in site improvement assistance that would be provided as reimbursement to the company for on site improvements such as retaining walls, excavation and utilities to further prepare the 45 acre site for the company's development requirements.

To create funding capacity for the BCTIFA to fund these site improvements, the MEDC has agreed to provide the BCTIFA with \$1.6 million in funding assistance to be used towards the I-94 site infrastructure extension project – therefore ensuring a net cost to the BCTIFA of \$1 million for the site improvement assistance.

Staff recommends approval of the proposed sale and option of land and related site improvements up to \$2.6 million.

MOTION: Mr. Rae moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the proposed sale and option of land and related site improvements up to \$2.6 million as presented. Mr. Karre supported the motion and it was passed by a majority vote. Mr. Frantz voted no on the motion.

Approval of I-94 Infrastructure Plan and Financing

Mr. Dehn stated that Battle Creek Unlimited and the City of Battle Creek has held additional discussions for planning water and sewer extensions to the BCTIFA owned parcels at Exit 92. The current estimate to reach the north and south side of I-94 is \$4 million. A more accurate cost estimate will require completion of design engineering. Staff recommends that the Board authorize an overall project budget of \$4 million, with an understanding that staff will report back to the Board after design engineering is completed. At that time, a final recommended route, utility capacity assessment and a revised cost estimate will be shared with the Board before construction would move forward. The plan remains to have construction activities underway as soon as winter weather clears in early 2009 with utilities to the north side site completed by June 2009.

MOTION: Mr. Rae moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve an overall project budget of \$4 million as presented. Mr. Karre supported the motion and it was unanimously approved.

Amendment of Simulation Research Grant Agreement to PSOOne

The BCTIFA Board received a memorandum from Jack Miner, bcVentures. The request from Battle Creek Unlimited that the provisions in the simulation research grant to PSOOne be changed to permit BCU flexibility in commercialization research that has been completed by the researchers, and extend the grant as requested by the researchers. bcVentures has been working with the researchers PSOOne (Beth Seiler and Dr. Bill Hamman) for the last year. PSOOne presented a status to the BCTIFA Board recently and demonstrated that their research is producing some very exciting results. To date, the research has not created any jobs, and the service that they are creating needs to be commercialized before it is clear how much this business might grow. The use of grant funds currently is restricted to use only on the purchase of equipment. BCU would like the remaining (approximately \$300,000) to be used for important commercialization items such as hiring, identifying target markets, creating valuable partnerships, identifying appropriate hiring practice, etc. BCU would like the BCTIFA to extend the grant as requested by the researchers with the caveat that some portion of the grant be used to commercialize the research.

MOTION: Mr. Frantz moved that the Battle Creek Tax Increment Finance Authority Board of Directors approve the request to use the grant funds for commercialization as long as the funds are used in Battle Creek. Mr. Rae supported the motion and it was approved.

Closed Session

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority go into closed session at 3:55 p.m. Mr. Rae supported the motion and it was unanimously approved.

MOTION: Mr. Karre moved that the Battle Creek Tax Increment Finance Authority go out of closed session at 4:00 p.m. Mr. Bietsch supported the motion and it was unanimously approved.

Public Comments

No comments were made.

Adjourn

There being no further business, the meeting was adjourned at 4:00 p.m.