

KALAMAZOO COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY
Board of Directors Meeting
MINUTES - Revised

MEETING DATE: Thursday, May 24, 2012 following the 4:00 p.m. EDC meeting

PLACE OF MEETING: Room 207A, County Administration Building

Present: Joe Agostinelli, Clare Annen, Larry Baumgart, Ruth Blake, Kenneth Peregon, Julie Rogers, Matthew VanDyk, Thell Woods

Members Excused: Brandt Iden, Anne Summerfield, Andy Wenzel

Kalamazoo Township: George Cochran

Community: Mary Brown, Connie Ferguson

Staff: Lee Adams, Jeff Hawkins, Lotta Jarnefelt

Recording Secretary: Janet Jones

1. Chairperson Agostinelli called the meeting to order at 4:00 p.m.
2. Members Excused: Brandt Iden, Anne Summerfield, Andy Wenzel
3. Approval of Agenda: Jarnefelt requested the additional item numbered 7a.5. Rogers moved and Woods seconded approval of the Agenda as amended. Motion Carried
4. Approval of Minutes: The following amendments were made to the April 26, 2012 Board meeting minutes
Item # 7 – change “Rivers Edge” to “**River Reach**” throughout
Item 9b – Executive Committee: delete final clause related to alternate member.
Peregon moved and Woods seconded approval of April 26, 2012 minutes as amended.
Motion Carried
5. Citizen Comments: none
6. Consent Calendar:
Peregon moved and Rogers seconded payment of two invoices:
 - a. from Janet Jones for meeting work on April 26, 2012: 4 hours @ \$15 =\$60.00.
 - b. payment of the general work order from Envirollogic Technologies for \$1,500.Motion Carried
7. Discussion/Action:
 - a. Financial Status reports
 - I. 2012 Budget Review: Jarnefelt reviewed the financial tracking document for YTD budget (see meeting packet). An updated report will be included in the June meeting packet.
 - Jarnefelt requested that the BRA make an additional adjustment not included in the memo: changes in the County budgets (i.e. the BRA budget), items can be moved freely from one line to another so long as the category totals remain the same.
 - The Midlink TIF estimate is increased by \$7,100 – rather than add the \$10K to “Service Fees” as mentioned in memo, the amount is \$2,900. [The other option to balance the budget would be to offset the overage with “increased revenue for future” which isn’t very realistic.]
 - Vandyk moved and Rogers seconded approval of the amendment to the budget

as requested.
Motion carried.

- II. Midlink Reimbursement Analysis Update: An updated analysis was distributed based on Hawkins' spreadsheet to track TIF received and reimbursements made. The updated analysis may change again because State and School TIF cannot be used to pay interest. Interest will have to come from the local revenues.

Annen observed that at the November, 2011 meeting the BRA voted to calculate interest annually which is different from the figures in the document under discussion. The calculated interest was designated to be added to the local fund because in the absence of the 381 work plan (for Midlink) interest payment could not come from school TIF.

Annen further requested that the principal and interest amounts be reported separately. The concern is that the interest was applied too soon; it should be applied just once per year, on December 31. Accrued interest should be paid on the last day of the calendar rather than on an "as we go" basis.

Hawkins clarified that the interest has not yet been applied and the financial update/projection reflects the expected amount of interest that will be accrued as the principal is re-paid.

Jarnefelt, Hawkins, and Annen will meet to further clarify the figures and present the amended update to the Board at a future meeting.

- III. Brown Family Holdings Reimbursement Analysis Update: updated spreadsheet was distributed. It is a similar format as for Midlink. There are no developer expenses. In future the individual project expense reports will use a similar format.

Winter tax for 2012 has arrived and was approved for receipt.

7a.5: Additional Agenda Item: Jarnefelt requested approval to disburse the local tax collected from Midlink to reimburse BRA. And to reimburse BRA from Brown Family Holdings
Rogers moved and Blake seconded approval of these disbursements. Motion carried
Woods asked if the BRA funds are in an interest bearing account.

Ans: Yes, since the BRA funds are within the General Fund of the County, they are included in the County's accounts and the County GF receives the interest.

- b. Budget 2013 Budget approval: Jarnefelt explained the Budget Sheet (in the packet). This is a projected budget that is due to the County Commission for submittal in June as part of the County's budgeting process.

Van Dyk requested a change to the 2012 financial report to reflect the amended numbers per the previous discussion.

Jarnefelt asked if the TIF from 232 LLC project should be reflected in the budget. Agostinelli responded that the TIF should not be included as in his opinion in working with the project, it is unlikely that the project will be finished by the end of the year.

VanDyk and Peregón seconded approval of the projected 2013 budget with the amendments to 2012 figures as requested.

Motion carried. The budget as adopted will be forwarded to the County Commission for approval.

- c. 157 S. Kalamazoo Mall project: this project is on hold due to developer delays.
At 5:05 p.m. Agostinelli recused himself from chairing this discussion due to his involvement with the project. Vice-Chair Rogers assumed the chair.

Jarnefelt reported on her discussion with Marc Hatton (Redevelopment Project Manager at City of Kalamazoo) and reviewed some options:

Option 1: the project is within the City limits and would be part of the City BRA plan. Kalamazoo City BRA does not have funds allocated (Due Care Assessments) and the developer may apply to the County BRA for those funds which would be reimbursed from the City TIF. Hatton said that if it was reimbursed from TIF it would be delayed until after the developer was reimbursed.

Option 2: If County BRA strikes an agreement to loan the funds for the Due Care Assessment with the developer directly rather than the City, the funds could be repaid sooner.

Discussion and Questions:

- County BRA funds provided to this project could be used to leverage State MEDC funds. Represents cross jurisdictional cooperation.
- The State allows 5% interest for such a loan. Is this an interest free loan? Or would County BRA receive the 5%?
- Since BRA has no policy about loaning money and no application has been received from the City, the following comments about a possible agreement between City and County were made: Rogers – a requirement should be that County BRA be reimbursed first.
- VanDyk – disagreed. The money can be out there for awhile, that's o.k. as long as interest on the money is paid.
- Jarnefelt recommended that this inter-governmental agreement be made if there is a request from the City
- Annen expressed skepticism that the City of Kalamazoo does not have Brownfield funds that could be used for this project. Agostinelli clarified that it is his understanding that the City BRA is/will allocated funds for the project, just not for assessment.
- Adams added that the City waits until the assessment is done before a project is included in the City's Brownfield plan.
- Woods – If County BRA contracts directly with the developer will it still be a sign of inter-governmental cooperation?
- Annen – County BRA has already demonstrated cooperation with the City on the Davis Creek project. The County BRA should encourage the City to change its policy on this to allow County BRA to be reimbursed with interest sooner rather than at the end of the project.
- Peregón and VanDyk – agree in principal with the County BRA committing funds to this project (details to follow) but that there does need to be interest on the loan.
- Hawkins – from an overall economic development perspective, does this project truly need the money from us? Will it bring jobs, increase the tax base, etc.? We really do need to cooperate with the City. If there is a barrier, justify the means to the end by negotiating with the developer at low interest to incentivize the project. If the project doesn't need the money, then don't do it. Rogers – yes, they need it to leverage the state money which is really competitive.

Consensus points for a possible loan to the 157 project for assessments:

- Kalamazoo County BRA should provide funding if possible.
- Some preference for an agreement directly with the developer (rather than the City).
- Funds should be allocated as an interest loan. [VanDyk suggested 5-10% for a maximum of 10 years]
- The County BRA should be reimbursed first rather than last.

5:17 – Agostinelli resumed the Chair

8. Staff Reports:
 - a. Update on 232, LLC—nothing new.
 - b. Building Sustainable Communities workshop: Woods and Blake will attend, supported through a scholarship.

9. Committees:
 - a. Land Bank: Landbank National Conference is October 14-16 in Kalamazoo. Should BRA allocate \$250 to have a booth (includes 1 registration).
Investigate the possibility of collaborating with the Landbank (and possibly the City EDC) to share a booth. Issue sent to Executive Committee

 - b. Executive:
Next meeting: Friday, June 8, 2012 7:30 a.m.

 - c. Project/Finance:
Next meeting – Thursday, June 14, 2012 4:00 p.m.

 - d. PR/Media: *Lunch and Learn* session on June 7 at the Innovation Center. Invitations have gone out and 17 have registered (not including staff).

10. Other:
 - Adams is updating the website with changes to the contact information and information about the application process.
 - Administration costs will be included in financial reports
 - Grant: Hawkins reported that the proposal for EPA assessment Funding Selections was not funded. In general Michigan fared worse than last year. For specific information about how funds were allocated, contact Hawkins.

11. Member Comments:

Rogers: National BRA Conference May 15-17, 2013 in Atlanta. Recommends sending two people.
Highlighted Commissioner Iden's attendance record and asked if staff can clarify if he has a standing conflict which prevents his attendance. The representative from the County Commission is critical to ensure good communication.

Woods: The Landbank has a spending challenge. Funds must be committed by Feb., 2013, and carryover of unspent money may not be allowed.

12. Adjournment: Meeting was adjourned at 5:32 p.m.

NEXT BRA Meeting: Thursday, June 28 2012, 4:00 p.m. Rm. 207A, County Building