

KALAMAZOO COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES

MEETING DATE: Thursday, August 26, 2010
PLACE OF MEETING: County Administration Building

Present were: Clare Annen, Larry Baumgart, Ruth Blake, Leroy Crabtree, Julie Rogers, Anne Summerfield, Matthew VanDyk, Thell Woods
Kalamazoo Township: George Cochran
Staff Support: David Artley, Jeff Hawkins (consultant), Lotta Jarnefelt
Absent: Robert Barnard, Ken Peregou, Representatives from Augusta and Comstock
Guests: Jack Urban
Recording Secretary: Lori Pyatt

1. CALL TO ORDER

Chairperson Rogers called the meeting to order at 4:02pm.

2. MEMBERS EXCUSED

Mr. Peregou had asked for an excused absence; the absence of Mr. Barnard was determined to be unexcused.

3. APPROVAL OF AGENDA

A motion to approve the Agenda was made, supported and approved.

4. APPROVAL OF MINUTES

A motion to approve the July 22nd Minutes as presented was made, supported and approved.

5. CITIZENS COMMENTS

There were no comments made.

6. CONSENT CALENDAR

Invoice #26421: Total\$525.00

General Programmatic Activities

Work Order #19 (Bill Group D) - \$525.00

This can be split evenly between the Petroleum Grant and the Hazardous Substances Grant.

Activities include: communications and meetings with client; budget reconciliation activities and drafted quarterly reports for grants.

A motion to pay Invoice #26421, in the amount of \$525.00 was made by Mr. Crabtree, supported by Mr. Woods and approved.

7. ACTION CALENDAR

A. Oath of Office of Members-

Mr. VanDyk stated that the Brownfield Act required Brownfield Members swear the official oath. The procedure would be addressed in the by-laws. Mr. Artley swore the members in.

B. Acceptance of Letter of Resignation –

Ms. Rogers stated that a letter of resignation was submitted by Mr. Hatton and asked that Mr. Artley draft a thank-you letter.

A motion to accept the letter of resignation was made by Mr. VanDyk, supported by Mr. Baumgart and approved.

Discussion turned to replacement procedures.

C. Formally Moving BRA Meeting –

A motion to move the next BRA meeting from September 23rd to September 16th was made by Mr. VanDyk, supported by Ms. Summerfield and approved.

8. DISCUSSION ITEMS: MIDLINK DOCUMENTS

Mr. Artley reported that many of the requested changes to the documents were simply logistical or efficient in nature, yet others were substantive. The Lawyer specialist, Susan Padley, addressed several issues:

-Interest – Midlink was permitted by law to ask for up to 5% in interest but it was at the discretion of the BRA. During the discussion, the following points were made:

- It could be limited to eligible activities already completed.
- It could be paid on a one-time basis.
- The amount could be capped at a maximum amount.
- Payments could commence only after TIF was in hand.
- About 70% of BRAs do not pay interest.
- Eligible activities would be verified before any payments would be made.
- The time and amount would need to be further discussed, but the group agreed that the timeframe should be limited so it would not affect Comstock Township long term.
- Midlink's initial eligible activities amount reported for TIF capture was about 1.9 million. It has grown to 6 million in the latest version of the PRA PLAN CHARTS.
- The Executive Committee was certain the term shouldn't be longer than 20 years. The Finance Committee was split on whether to pay it or not.
- The term may be lengthened by the fact that previously incurred expenses may only be paid out of local TIF, interest included. Ms. Rogers reiterated her desire to only cover past activities to date in a one-time payment.
- A rough estimate showed the term could be about 18-21 years.

Discussion turned to the reported due care activities list; further detail had been asked for due to concern over the 15% contingencies on work already completed, and other issues.

-Administrative Costs –

- The BRA could bill up to \$100,000 each year.
- Mr. Artley listed the kinds of costs that fell into this category. He then suggested that this amount be requested for the first two years to cover expenses already incurred, then evaluate those years' expenses for the request the third year.
- For tracking purposes, a column for Administrative Costs would be added to the BRA financial spreadsheet.
- It would be footnoted on the Brownfield Plan that in subsequent years further administrative costs may be billed up to the statutory amount. Mr. Artley assured that it would be addressed in the Plan's text.

-Environmental Insurance –

- The MEDC/MDNRE stated that if the insurance was not required by State or Federal Law (as in the cases of storage tanks), it would need to be thoroughly outlined in the 381 Workplan and assessed to ensure the cost is reasonable.
- Since Midlink had insurance from the beginning, the BRA would have to ensure, with MDNRE, that it is allowable.
- (Due to time constraints at meetings, it was determined that staff would make the determination of eligibility and bring a summary to the Authority.)

Other items discussed were:

-Renaissance Zone Properties – TIF could not be captured on properties in Renaissance Zones unless there was additional work, new equipment or creep in value. Discussion turned to:

- The parcels in renaissance zones initially reflected in the documents.
- The possibility that other zones may have been added.
- No TIF could be captured on property coming out of these zones.
- The parcels that have been developed since the original plan, and whether they were in a renaissance zone.

-Leases vs. Ownership at Midlink – The general rule of thumb was that if it were inside the buildings, it was a lease; if it were outside the buildings, it was a purchase.

-Mr. Artley had sent communications to Midlink and Susan Paddley about the hotel, Seneca, properties within renaissance zones and times they come out of those zones, current leases, and environmental insurance.

-One of the things that would have to be determined was if any of the previous activities were covered by previously purchased insurance.

- The order of payoff would be our costs including Envirologic, then eligible activities and then the Local Site Revolving Fund. It is the way the original BRA Plan reads and this would be clearly stated in the revised BRA Plan and in the Developers Agreement.
- A dialogue would be held with Comstock as the next step.

The discussion returned to paying interest. In response to a question from Mr. Woods, Mr. Artley explained that setting a time limit on interest would limit the dollars paid, especially if development stopped; after the time limit expired, the payments would stop no matter what they asked for. Mr. Artley ran through the estimated dollar amounts.

(Mr. Cochran, Mr. Crabtree, and Ms. Jarnefelt excused themselves from the meeting during this discussion.)

The members gave their personal opinions and ideas on the interest terms. It was noted that the group should estimate how long a business could be expected to remain on the premises; current lease terms would need to be reviewed. Mr. Artley gave the tentative timeline.

In response to a question from Mr. VanDyk, Mr. Hawkins said he would do more research on the specifics of capturing on properties in renaissance zones and report back.

9. STAFF REPORTS

- A. Grant Funds Status — Davis Creek would decrease the Petroleum Grant by about \$2,000, which would zero out this account. About \$5,000 to \$7,000 was left in the Hazardous Substance Grant, which would be spent on the costs of reviewing the various plans. The BRA would lose access to the grant money after the end of September as the grant ends and are hoping to continue operations through the request of the County.
- B. New EPA grants — The application was due October 15th and was standard in format. A larger amount could be requested by bringing in Kalamazoo and Comstock townships as partners.
- C. BRA Request for \$125,000 from County — This would be aired at the CBOC meeting on 9/21 and then voted on at the October 5th CBOC meeting.
- D. Attendance Update —No report.

10. COMMITTEE REPORTS

- A. Land Bank Liaison — The minutes would be forwarded via: email.
- B. By-Laws — This was postponed until September.
- A. Executive Committee — This would be decided over email.
- B. Project/Finance Committee — This would be decided over email.
- C. PR/Media Committee

- Tour: Thursday, September 30, 2010, 7:30AM. Mr. Artley listed the properties that would be visited.
- Report on Environmental Health Advisory Council August 11th meeting – The presentation went well, and some attendees were interested in the bus tour.

11. OTHER – There was nothing to report.

12. BOARD MEMBERS COMMENTS

-Mr. Woods reported that the Land Bank had a vacancy and proposed that a BRA/EDC member could apply.

-Mr. VanDyk reiterated his desire to see a definitive answer on his renaissance zone question.

13. ADJOURNMENT

A motion to adjourn the meeting was made, supported, and unanimously approved at 5:44pm.

***Next Meeting: Thursday, September 16, 2010
(Note: change in week)***

Respectfully submitted: LP