

KALAMAZOO COUNTY
BROWNFIELD REDEVELOPMENT AUTHORITY
MINUTES

SPECIAL MEETING DATE: Thursday, October 14, 2010
PLACE OF MEETING: County Administration Building

Present were: Joe Agostinelli, Clare Annen, Ruth Blake, Ken Peregou, Julie Rogers, Anne Summerfield, Matthew VanDyk, Thell Woods, Leroy Crabtree, and Larry Baumgart.
Staff Support: David Artley, Lotta Jarnefelt, and Jeff Hawkins
Absent: Rob Barnard
Recording Secretary: Staff present

1. CALL TO ORDER

Chairperson Rogers called the meeting to order at 5:32 pm.

2. MEMBERS EXCUSED - none

3. AGENDA – the agenda of the special meeting is to review and discuss a staff recommended option to close out the negotiations on the BRA Plan Amendment #3.

Staff placed the following three options on the easel board for discussion and consideration:

a.)The BRA original positions as approved at the September 23, 2010

a.1.) “We shall pay interest in the Midlink Revised BRA Plan at a rate of 2% per annum, from the date that the eligible expense was incurred to December 31, 2010, and it shall be compounded annually during that time. Additionally, eligible expenses on which interest shall be paid shall be capped at \$2,262,654.00. No interest shall be accrued after January 1, 2011”

a.2.) “I make a motion that we include a ‘time certain or amount certain, whichever comes first’ clause in the Midlink Revised BRA Plan and subsequent Development Agreement as follows: 20 years (15 years for Midlink to be reimbursed for eligible activities and 5 full years for the collection of the LSSRF) for the time certain.”

a.3) “I make a motion that we include a ‘time certain or amount certain, whichever comes first’ clause in the Midlink Revised BRA Plan and subsequent Development Agreement as follows: the amount certain of eligible activities reimbursement to Midlink will be up to, but no greater than, \$6,067,254.00”

{For additional details refer to the minutes of 9/23/2010.}

b.) A staff recommended position to get to closure of the bargaining on the changes:

- b.1.) The time/amount certain, whichever comes first and the interest.
- b.2.) Time: 23 years - 18 years Max for reimbursement of eligible activities, and administrative costs including ET costs and 5 years for LSRRF.
- b.3.) Amount certain: Eligible Activities - \$6,067,254
- b.4.) Amount certain: Interest - \$2,000,000
- b.5.) Simple interest rate: 3% compounded annually at the end of each year (December 31, 2011 is first such date).
- b.6.) Interest starting date: January 1, 2011. No interest will be paid on any activity that was completed prior to January 1, 2011.
- b.7.) Summary - The total of the interest cap and the eligible activity cap (respectively \$2,000,000 and \$6,067,254) OR 18 years commencing with 2011 and ending with 2028, which ever comes first, will determine when payments to developer for eligible activities + interest is complete.....

c. Midlink's starting position:

- c.1.) 5% interest – equivalent amount of \$4,000,000+
- c.2.) No cap on amount of eligible activities/ only reference \$6,067,254 in draft table #3.
- c.3.) Could be up to 25+ years and BRA collects all of its 5 years of LSRRF.
- c.4.) No time limit on payment for eligible activities.

Staff clarified each of the three positions on the board as outlined above. Considerable discussion ensued. Much of it centered around the need to be sensitive to the needs of Comstock Township. How and when the Renaissance Zone portions of the site would come out and be TIF capture eligible was discussed. All but the Kaiser parts start coming at 25% of value each year starting with 2015 being TIF capturable.

Concern was expressed over what happen should school tax be denied by the State for TIF capture and the DNRE would need more detail.

It was noted that it is not unusual for BRA Plans to have 25 years for eligible activity cost to be repayed and to have 5% interest compounded (the maximum allowable under the 381 Act).

Concern was also raised about getting the Reimbursement and Developers Agreement finished at about the same time as the BRA Plan Amendment.

Comstock shared a written concern that we work with the Developer as best we could and keep the big picture in mind...jobs. While not present on 10/14, Comstock Supervisor expressed his concern over \$4,000,000 in interest and the negative potential of the plan extending 30 years. Staff concurred and noted the original approved in 2008 had no interest, capped developer eligible activities at approximately \$1,900,000.

Comstock Township is aware of the option b. above and thought it was a middle ground position and could help sell it to his Township Board.

Motion was offered by Member Annen and supported by Member Woods to conditionally adopt option b. as outlined herein with the “time and amount certain, which ever came first” concept as stated. Vote was 7 in favor – Annen, Peregon, Woods, Agostinelli, Crabtree, Blake and Summerfield – 3 in opposition – Rogers, Van Dyk and Baumgart.

The completed plan with any tweaks or changes or other adjustments would be presented on October 28 at the regular board meeting for full discussion and final formal approval.

Meeting adjourned at 6:20 pm by unanimous consent.

Respectfully submitted,
dpa