

City of Mt. Pleasant

Economic Development Corporation (EDC) Brownfield Redevelopment Authority (BRA)

MINUTES OF THE REGULAR MEETING

May 3 2013 11:00 A.M.

City Hall, Conference Room A

I. Call to Order

In the absence of the Chair, the meeting was called to order by Vice-Chair Jeff Smith at 11:00 am.

Present: Tim Coscarelly, Kathie Grinzinger, Jim Holton (representing Mayor Kathy Ling), Tom Krapohl, Mike Pung, Nancy Ridley, Jeff Smith (Vice Chair)

Absent: Tim Dolehanty, Joe Olivieri (Chair)

Also attending: Brian Anderson (MMDC), Jeff Gray, Mary Ann Kornexl, William Mrdeza, Michelle Sponseller

II. Approval of Agenda

It was moved by Krapohl, seconded by Ridley, to approve the agenda as presented. **The motion passed unanimously.**

III. Approval of the October 10, 2012 Meeting Minutes

Ridley noted a correction in the minutes from the October 10, 2012 meeting as appearing on Page 2 in the second to last sentence. It was noted that the cross connector street mentioned in the minutes occurs on the *east* side of the property, and not on the *west* side as stated in the minutes. Ridley then moved approval of the October 10, 2012 minutes as corrected, seconded by Krapohl. **The motion passed unanimously.**

IV. Old and New Business:

A. **BRA**

1. Agreement to Share Captured Taxable Value

Kornexl discussed the agreement to share captured taxable value with the BRA Board. She explained that both the Brownfield & TIFA development plans serve the goal of

stabilizing and enhancing the tax base and levels of employment. Due to the same goals, the Boards of the BRDA, TIFA and DDA agreed to share the captured taxable value of the eligible properties with the BRDA capture coming first and the remaining capture going to the TIFA and DDA until the Brownfield plans expire. A written agreement between the Boards to share these revenues had never been formally adopted since the BRDA, TIFA, and DDA were the same board at the time many of the plans were originally created. Since both the TIFA and DDA Boards had signed the agreement, Kornexl was requesting the BRDA Board also consider adopting the agreement to share captured taxable value for all the existing Brownfield plans consistent with previous actions taken by the TIFA/DDA Boards and the City Commission. It was moved by Coscarelly, seconded by Grinzing to adopt the tax sharing agreement. **The motion passed unanimously.**

2. Receipt of Financial Statement Ending December 31, 2012

Kornexl explained that this was the first meeting of the EDC and BRA Boards since the end of 2012. As such, she was presenting the end of the year (2012) financial statements for both Boards and explained the line items and financial position as of December 31, 2012. After a short discussion on the statements, it was moved by Grinzing, seconded by Coscarelly, to receive and accept the financial statements ending December 31, 2012 for both the EDC and the BRA Boards. **The motion passed unanimously.**

B. EDC

1. Receipt of Financial Statement Ending December 31, 2012

This item was addressed under the previous agenda item as reported above.

2. IDC Shell Building Update

Mrdeza invited Brian Anderson, the President of the Middle Michigan Development Corporation, to provide an update on the possible sale of the IDC Shell Building located in CMU's Smart Zone. Anderson reminded the IDC Board that the building is approximately 6,000 square feet and the land lease from the University amounts to \$4,000 per year. He reported there was a possible purchaser for the Shell Building and he has been assisting with the negotiations between the purchaser, the IDC Board, and the university. The asking price of the building is \$250,000 while the original offer was \$180,000. Since then the purchaser has agreed to increase their offer to \$200,000 inclusive of all closing and other encumbrances on the property. Anderson indicated there was still a gap between the asking price and the last offer, but felt that could be closed during further negotiations.

Part of the acquisition relies on the EDC's previous commitment of \$56,500 toward the build-out of the structure. This was originally designed as a five year interest rate write down from 6% to 3%. Mrdeza discussed the fact that with the change in the financial markets, and interest rates currently in the 3-4% range, this incentive option is not as attractive as it was when originally written. In order to help facilitate the purchase of the

building, it was moved by Holton, seconded by Krapohl, the empower Mrdeza and Anderson to use the EDC commitment in a manner appropriate to incent the project while adhering to the parameters for the use of the funds originally agreed to between the EDC and the City Commission. **The motion passed unanimously.**

As an informational item, Mrdeza next mentioned a project currently being explored at the corner of Main and Pickard streets. Should this project materialize, he wanted to give the EDC and BRA Boards notice that there might be a request for EDC incentive funds (since it is not located in one of the City's tax capture districts) and/or Brownfield tax credits. More information will be provided at a later date when details are available.

3. Review of Parcel B Proposals and Determination of Next Steps

Mrdeza informed the Board that three proposals had been received in response to the RFP that advertised development opportunities available on Parcel B adjacent to City Hall. Grinzinger stated that she wanted to divulge up front that two of her family members currently work for a property management firm (KMG Prestige) that one of the applicants was proposing to use on the project should his proposal be chosen.

Discussion ensued with disappointment expressed by some members at the incompleteness of a few of the proposals. Coscarelly asked about the qualifications and experience of the Kincaid Henry firm since that was not addressed in their proposal. Anderson provided background information on the firm since he had previously worked extensively with them in Lansing. In response to another question regarding the value of the Parcel B land area, Kornexl indicated that it was currently valued at \$35,700. This could potentially be waived as part of an incentive package for the right type of development. Ridley reminded the Board that the City currently has a policy of no new payment-in-lieu-of-taxes (PILOT) projects; if the EDC considered that option for any of the proposals, that policy would have to be revisited with the City Commission in order to have it reconsidered.

Given the above information and related discussion, Mrdeza asked if the Board was interested in determining the next steps they were willing to take to process the proposals received. After some discussion on this, it was moved by Holton, seconded by Pung, to invite the three firms submitting proposals for the development of Parcel B to an interview at a date to be set in the near future. **The motion passed with a vote of six yes, and one no.**

Mrdeza was asked to check with the City attorney to determine what level of confidentiality could be assured to the presenters during the interview process. He was also asked to convey to the firms the expectation that if not included in their original proposal, the Board expects the twelve topics of information detailed in the original invitation to submit proposals to be addressed by them during the interview process.

V. Other Business

There was no Other Business discussed at the meeting.

VI. Adjourn

There being no other business, on a motion by Holton, seconded by Pung, **the meeting adjourned at 12:10 pm.**