

PORTAGE DOWNTOWN DEVELOPMENT AUTHORITY

Thursday, April 23, 2020

The Portage Downtown Development Authority April 23, 2020 virtual meeting on was called to order at 8:00 a.m.

MEMBERS PRESENT:

Matt Milks, Jeff Chrystal, Dorothy Robinett, Michael Quinn, Terry Patterson, Rich MacDonald, Walter Hansen, Stanley Samuel and Joe La Margo

MEMBERS EXCUSED:

Benjamin Boyer

IN ATTENDANCE:

Christopher Forth, Interim Director of Community Development; William Furry, Director of Finance; and John Axe, Bond Counsel

APPROVAL OF MINUTES:

The minutes of the June 25, 2019 meeting were introduced for approval. A motion was offered by Hansen and seconded by Samuel to approve the meeting minutes as presented. Upon a roll call vote, Milks (yes), Chrystal (yes), Robinett (yes), Quinn (yes), Patterson (yes), MacDonald (yes), Hansen (yes), Samuel (yes) and La Margo (yes). The motion was approved 9-0.

BUSINESS:

1. Election of Officers. President Patterson indicated the current slate of officers includes himself as President; Boyer, Vice-President; Chrystal, Treasurer; and Milks, Secretary. There was discussion of the continuation of the current officers. A motion was offered by Hansen, seconded by Robinett that Patterson serve as President; Boyer as Vice-President; Chrystal as Treasurer and Milks as Secretary. Upon a roll call vote, Milks (yes), Chrystal (yes), Robinett (yes), Quinn (yes), Patterson (yes), MacDonald (yes), Hansen (yes), Samuel (yes) and La Margo (yes). The motion was approved 9-0.

2. Resolution Approving the FY2018-19 Annual Financial Report. Mr. Furry summarized the communication to the Board concerning the annual reports included in the agenda, noting that revenue exceeded expenditures and net transfers by \$74,719. The fund balance at the end of FY2018-2019 was \$348,285. Mr. Furry noted expenditures will exceed revenues for approximately 2-3 years and then revenues will begin to exceed expenditures; however, during this 2-3 year time period, the fund balance will remain positive. After additional discussion, a motion was made by Hansen, seconded by La Margo to approve the resolution and authorize the transmission of the FY2018-19 Annual Financial Report on the status of the tax increment financing plan. Upon a roll call vote, Milks (yes), Chrystal (yes), Robinett (yes), Quinn (yes), Patterson (yes), MacDonald (yes), Hansen (yes), Samuel (yes) and La Margo (yes). The motion was approved 9-0.

3. 2020 Amended Tax Increment Finance Plan/2020 Amended Development Plan. Mr. Forth summarized the staff report involving plans by the developer, Trade Center, LLC to construct a new, 4-story

hotel at the west end of Trade3 Centre Way north of I-94, within the DDA. Mr. Forth noted there are three elements to the plan and include 1) an exchange of land between the City of Portage and Trade Centre, LLC; 2) removal and relocation of the existing storm water retention basin located at 850 Trade Centre Way; and 3) removal of the north portion of the Trade Centre Way turnaround area to accommodate additional off-street parking for the new hotel. Mr. Forth noted the developer will provide an easement to the city that will allow vehicles to utilize the off-street parking lot for turnaround purposes.

Mr. Forth indicated the City Administration agreed to reimburse up to \$600,000 for the public improvement costs. These reimbursement funds will include \$150,000 from the water fund. The city had already budgeted these funds in FY2020-21 to rehabilitate the existing storm water basin. As a result of the relocation, the developer will essentially act as the contractor on behalf of the city to "rehabilitate" the basin. The remaining \$450,000 will be provided through tax increment financing. Mr. Forth noted that only a portion of the hotel building is located within the DDA district. Consequently, approximately 40% of the hotel's taxable value is eligible for tax capture utilizing tax increment financing. The other approximately 60% of value will be disbursed to the local taxing jurisdictions, include the City of Portage.

Board member Samuel asked who will maintain the relocated retention basin. Mr. Forth indicated the City of Portage will own and maintain the basin. The developer will provide and access easement to the retention basin. Board member Robinett asked who will pay for the public infrastructure improvements. Mr. Forth stated the developer will pay the upfront costs and then will be reimbursed from water fund and through tax increment financing. Board member Samuel also asked about the applicability of environmental conditions as a requirement for reimbursement. Mr. Forth indicated under a Brownfield Redevelopment project, environmental conditions would need to exist for tax capture but the same requirements do not apply to a Downtown Development Authority District. Board member Hansen asked for clarification on the amount of tax capture. Mr. Forth stated approximately 40% will be captured and reimbursed to the developer and the other approximate 60% will be disbursed to the local taxing jurisdictions. Mr. MacDonald provide a brief overview/history of the DDA and Trade Centre development project. Mr. MacDonald recognized and emphasized the importance of public/private partnerships that benefit the region. President Patterson concurred. President Patterson noted there are several new hotels in the Kalamazoo area and inquired why they're in demand. Mr. MacDonald indicated business growth in the area and the business traveler. Mr. MacDonald stated the two other DDA hotels outperform the other hotels in the area.

There being no further discussion, a motion was made by Hansen, seconded by Quinn to approve the resolution and authorize the transmission of the 2020 Amended Tax Increment Finance Plan/2020 Amended Development Plan to City Council. Upon a roll call vote, Milks (yes), Chrystal (yes), Robinett (yes), Quinn (yes), Patterson (yes), MacDonald (abstain), Hansen (yes), Samuel (yes) and La Margo (yes). The motion was approved 8-0-1.

STATEMENT OF CITIZENS:

No citizen comments were received.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 8:25 a.m.

Respectfully Submitted,

Christopher Forth, AICP
Interim Director of Community Development