

**BATTLE CREEK DOWNTOWN DEVELOPMENT AUTHORITY  
BOARD OF DIRECTORS**  
Monday January 25, 2021, 3:30 PM  
Meeting VIA ZOOM

**MEMBERS PRESENT:** Kim Carter, Paul Conkey, Rebecca Fleury, John Godfrey, Edward Guzzo, Nelson Karre, Cody Newman, Ross Simpson, Kyra Wallace  
Ex-Officio: Commissioner Carla Reynolds and Commissioner Boonikka Herring  
Advisory: Rochelle Nunley-Hatcher

**ABSENT:**

**OTHERS PRESENT:** Ted Dearing, Linda Morrison, John Hart, Jessica VanderKolk, Sarah VanWormer, Richard Bolek,

**Call to order:** Chair Conkey called meeting to order at 3:32 pm.

**Welcome and Introductions:** Members introduced themselves.

**Approval of Minutes:**

**MOTION:** Mr. Godfrey moved that the Battle Creek Downtown Development Authority Board of Directors approve the meeting minutes from October 26, 2020. Ms. Wallace supported the motion. Unanimously approved.

**Funding Requests:**

- a. **Hollander Development** –Mr. Dearing explained that Hollander Development is planning a 50 unit residential rental development at 85-87 W. Michigan Avenue downtown at the former Shranks Cafeteria site. The project will result in new construction in the form of a 6 to 7 story, midrise apartment building identified as Sophia Square. Hollander will be making application to the Michigan State Housing Development Authority for Low Income Housing Tax Credits February 1, 2021, and is requesting a \$500,000 1% 50 year loan from the DDA. The City Commission has approved a Payment in Lieu of Taxes (PILT) for this project. The developer Matthew Hollander and Mr. Dearing addressed many questions from the Board including cash flow projections, housing vouchers, use of local trades in construction, the management company that will be used for Sophia Square, and vacancy assumptions.

**MOTION:** Mr. Karre moved that the Battle Creek Downtown Development Authority Board of Directors Authorize the Board Chair to execute a letter of intent for this project.. Mr. Newman supported the motion. Unanimously approved.

- b. **80 W. Michigan leasehold improvements** – Mr. Karre and Mr. Newman recused themselves from the vote on this issue due to their relationships with the potential lessee Torti Taco. Mr. Karre moved to the Zoom waiting room during all discussion. Mr. Dearing discussed the lease opportunity for Torti Taco and the necessary leasehold improvement investment at the current Patrami Joe's location (owned by the DDA). The board is asked to reallocate \$100,000 in the Downtown Special Projects budget line item from the Battle Rock project to improvements at 80 W. Michigan. Based on analysis of the current lease and future lease with Torti Taco, there will be a return on investment over the five-year lease term of approximately \$82,370. Mr. Dearing and Mr. Hart answered questions from the board about the large investment and the space changes that will bump out into the parking structure and the roll up door.

**MOTION:** Mr. Godfrey moved that the Battle Creek Downtown Development Authority Board of Directors commit \$100,000 to this project contingent on a new lease with Torti Taco. Commissioner Herring supported the motion. Unanimously approved.

- c. **34 E. Michigan demolition** – Mr. Dearing discussed the situation, the unknowns with the project, and the additional costs due to structural elements and safety concerns. The board has previously allocated \$300,000 in the Downtown Special Projects line item of the budget, and this request is to reallocate \$80,000 from the Battle

Rock project to fund the additional costs associated with the demolition of specific parts of 34 E. Michigan. Mr. Dearing addressed the board's concerns about the responsibilities of the property owner, additional future costs, and the City's efforts to recover costs that have been incurred.

**MOTION:** Mr. Nelson moved that the Battle Creek Downtown Development Authority Board of Directors reallocate an additional \$80,000 to this project. Mr. Newman supported the motion. Unanimously approved.

The agenda item for Purchase Option – Upholdings Development has been suspended.

**Financials:**

- a. **FY2020 Audit Presentation** – Revenue Services Director Linda Morrison presented the audited financial statements for the year ended June 30, 2020. Ms. Morrison noted that the independent certified public accounting firm of Rehmann Robson provided an unmodified opinion, which is the highest level of assurance available for a financial audit. The DDA audited financial statements as well as all other City audited statements are available in the Finance section of the web site.

**MOTION:** Mr. Godfrey moved that the Battle Creek Downtown Development Authority Board of Directors accept the June 30, 2020 audited financial statements. Mr. Guzzo supported. Unanimously approved.

- b. **FY2020 Annual Report** – Revenue Services Director Linda Morrison presented the annual report for the year ended June 30, 2020. Ms. Morrison noted this report is required by and filed with the Michigan Department of Treasury. It includes details of the capture of property taxes, and the revenues and expenditure numbers reconcile to the audited financial statements.

**MOTION:** Mr. Karre moved that the Battle Creek Downtown Development Authority Board of Directors accept the June 30, 2020 annual report. Mr. Godfrey supported. Unanimously approved

- c. **Interim financial statements through December 31, 2020** – Revenue Services Director Linda Morrison presented the interim financial statements for the six months ended December 31, 2020. Property tax revenue is recorded early in the fiscal year and debt service occurs in the fourth quarter, making the bottom line look exceptionally good at this particular point in the fiscal year. The actual expenses have not caught up at this point in time to the amended budget for the CBD maintenance. Next quarter's financial statements will be reflective of the amended budget.

**MOTION:** Mr. Guzzo moved that the Battle Creek Downtown Development Authority Board of Directors accept the December 31, 2020 interim financial statement. Ms. Reynolds supported. Unanimously approved

**Project Update:**

Social District Expansion. There was much discussion about the potential expansion of the social district and the various commons that are included. There is a request to allow for downtown expansion to allow walkability among the 9 potential licensees. There was much discussion about the liability of licensees and the City. A request for change will go before the City Commission in February.

**Member/Citizen Comments:** None

**Adjourn:** 5:53 pm