

City of Mt. Pleasant

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

MINUTES OF THE REGULAR MEETING July 17, 2012, 9:30 A.M. City Hall, Conference Room A

I. Call to Order

The meeting was called to order by Chair Joe Olivieri at 9:31 a.m.

Present: Tim Coscarelly, Kathie Grinzinger, Tom Krapohl, Joe Olivieri (Chair), Mike Pung, Nancy Ridley, Jeff Smith (Vice Chair)

Absent: Tim Dolehanty, Bruce Kilmer

Also attending: Brian Anderson, Jeff Gray, Mary Ann Kornexl, William Mrdeza

II. Approval of Agenda

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

III. Approval of the May 8, 2012 Meeting Minutes

It was moved by Grinzinger, seconded by Krapohl, to approve the minutes of the May 8, 2012 meeting as presented. **The motion passed unanimously.**

IV. Old and New Business:

A. Appointment of Officers to the EDC and BRA Boards

After asking for nominations, it was moved by Grinzinger, seconded by Krapohl, to re-elect Joe Olivieri as Chair and Jeff Smith as Vice-Chair of the Economic Development Corporation and Brownfield Redevelopment Authority Boards of Directors. **The motion passed unanimously.**

B. EDC

1. Review and Recommendation for Approval of the 2013 Budget

Kornexl presented the *amended* 2012 budget and the *proposed* 2013 EDC Operating budget for the Board's consideration. Coscarelli asked about the status of rent payments to the City by J.E. Johnson for the City Hall parking lot. It was reported that this issue is being addressed in the pending litigation over the City Hall property with the developer. It was moved by Krapohl, seconded by Smith to approve the amended 2012 and proposed 2013 EDC budgets as presented. **The motion passed unanimously.**

2. Consideration of Ginkgo Tree Inn Land Contract Amendment

Mrdeza reminded the Board members that the EDC entered into a land contract for the purchase of the property at 309 N. Main Street for the purpose of renovating the existing structure into a bed and breakfast with a bistro-style restaurant. The original contract was for ten years, with a progressive increase in monthly payments called for in the first four years at zero percent interest and a 1% interest rate charged during years six through ten. The entire land contract amount of \$280,000, including principal and interest, was to be paid in full in year ten.

The owners requested an amendment to the original payment schedule which essentially extends the period during which the monthly payment amount increases. In the original contract, payments would increase to \$1,000 per month in year four, whereas the proposed amendment requests that this occur in year seven. The proposal anticipates refinancing and payment in full during year ten as originally agreed upon. The property owners indicated that this modification of the payment schedule would allow them use the potential savings in the early years to start a comprehensive marketing plan to promote the property.

After some discussion, it was moved by Krapohl, seconded by Smith, to amend the original terms of the land contract with the owners of the Ginkgo Tree Inn to reflect an extension on when payment amounts begin to increase as discussed above, contingent upon all other terms and conditions set forth in the original agreement being adhered to. **The motion passed unanimously.**

3. Discussion Regarding Retention or Return of Economic Development Funds Back to the City

Again, Mrdeza reminded the Board members that in August, 2010, the City Commission appropriated \$150,000 from the Economic Development Fund (EDF) to the EDC for a period of twelve months in order to encourage business development and job growth in the City. In 2012 a request was made and granted to extend this appropriation for an additional year. This extension is due to expire in August, 2012, at which time the remaining balance will revert back to the EDF. To date, two commitments of funds have been made from the original allocation: a five year interest write-down for the Market on

Main in the amount of \$15,054 and the promise of an interest write down over five years toward the build-out of the IDC shell building in the CMU SmartZone at a not to exceed amount of \$56,500. Mrdeza pointed out that the 2013 budget the EDC just adopted anticipates retention of the remaining balance of these funds for possible future use. The unallocated amount remaining in EDF funds is \$78,446. Mrdeza requested direction from the EDC Board as to how they would like these funds addressed: either to request another extension of these funds from the City Commission or to allow them to revert back to the EDF until future projects materialize that could use these incentive funds.

Some discussion ensued regarding the merits of keeping the remaining funds with the EDC, including the ability of the EDC to respond quickly to requests for incentive funds as well as the observation that the City has seen a slight increase in the number of inquiries for various incentives to build or expand existing businesses. Based on this discussion, it was moved by Smith, seconded by Krapohl, to request that the City Commission grant a one year extension on the remaining uncommitted economic development funds as identified above. **The motion passed unanimously.**

C. BRA

1. Review and Recommendation for Approval of the 2013 Budget

Kornexl reviewed the *amended* 2012 budget and the *proposed* 2013 BRA operating budget for the Board's consideration. Ridley noted that should the personal property tax be reduced or eliminated, the impact on the Brownfield budget would be minimal as a result. After some discussion it was moved by Smith, seconded by Krapohl to approve the amended 2012 and proposed 2013 BRA budgets as presented. **The motion passed unanimously.**

V. Other Business

There was no Other Business discussed at the meeting.

VI. Adjourn

There being no other business, it was moved by Ridley, seconded by Coscarelly, to adjourn the meeting. **The meeting adjourned at 10:01 am.**



MEMORANDUM

TO: EDC/BRA Board Members

FROM: William R. Mrdeza, Community Services and Economic Development Director *W.R.M.*

DATE: October 26, 2012

SUBJECT: Recommendation to City Commission RE: Amendments to the Brownfield Redevelopment Plan Site #4, 1521-1523 S. Mission Street (Former Chieftain Hotel)

Staff have been working with the developers of a new office park and medical office building proposed on Mission Street on the parcel north of the Qdoba Restaurant which was the former site of the Chieftain Hotel. The Brownfield Board is being asked to review amendments to the Brownfield plan originally prepared for this site because of some newly proposed development that will contribute taxable value to the property. Only a portion of the originally proposed development has been built (the Qdoba Restaurant); the property owners have a new development proposal with a committed client for Phase I and are eager to continue with the build out of the parcel. Recently the DDA approved \$62,000 in incentive funds to assist with specific improvements that will make the project eligible for consideration under the Mission Street Overlay District standards. The developers are asking for consideration to amend the existing plan to reflect the nature of the new development proposal, to include the capture and reimbursement of the actual cost of demolishing and abating the former hotel, to include the cost of relocating the utility lines along Mission Street to accommodate moving the Phase I building closer to the street (in accordance with the goals of the Overlay District), and to assist with the construction of a connector street along the east property line between Apian Way and Fairfield. As part of the amendment, the proposed plan will reflect an adjusted capture period.

The project consists of two phases of development, the first of which is a 10,800 square foot medical office building. The total cost of this first phase is estimated to be \$2,075,000. The second phase includes another office structure at the back of the property that will be at least two stories and preferably three. Discussions with the developer indicate that this would include office space on the first floor with possible rental housing on the upper stories. The total cost of this second phase is estimated at between \$4.1 and 6.1 million depending on the number of stories it contains. The developer is interested maximizing the vertical use of the building. The proposed amended Brownfield plan details the costs, additions to the taxable value of the property, and the thresholds the development will support in terms of tax capture and reimbursement of the requested eligible activities. A copy of the proposed amendment to the