
**CITY OF KALAMAZOO
ECONOMIC DEVELOPMENT CORPORATION BOARD MEETING
Thursday, July 16, 2020
Electronic meeting under the authority of Executive Order 2020-110
Issued by Governor Gretchen Whitmer**

MEMBERS PRESENT: Jason Novotny; Patti Owens; Kevan Hess; Nathan Bolton; Lucas Middleton; Jamauri Bogan; Fritz Brown

MEMBERS ABSENT: James Escamilla; Kyle Gulau; Jasmine Vedula; Vice Mayor Patrese Griffin

CITY COMMISSIONERS/CITY STAFF PRESENT: Richard Cherry (City Attorney); Jamie McCarthy (Development Coordinator); Antonio Mitchell (Development Project Coordinator); Beth Cheeseman (Executive Administrative Assistant); Joe Agostinelli (Consultant, Southwest Michigan First); Rebekah Kik (Community Planning and Economic Development Director); Scott Borling (City Clerk)

PUBLIC PRESENT: Ms. Rachel Olmsted; Mr. Tom Colis; Mr. Jared Belka; Mr. Dean Ingraham; Mr. Howard Barkley, Mr. Donald Kneepkins, Mr. Matt O'Connor

Meeting was called to order at 7:35 AM by Chair Patti Owens

MOTION TO EXCUSE ABSENT MEMBERS: Director Bolton moved to excuse absent members; supported by Director Hess. Motion approved by voice vote unanimously.

APPROVAL OF AGENDA: Director Bolton moved the approval of the agenda; supported by Director Brown. Motion approved by voice vote unanimously.

APPROVAL OF THE MINUTES OF JUNE 18, 2020: Director Brown moved the approval of the minutes; supported by Director Bolton. Motion approved by voice vote unanimously.

NEW BUSINESS

1. Welcome and swearing in of new EDC and BRA directors, Jamauri Bogan and Lucas Middleton.

Mr. Scott Borling, City Clerk, conducted the swearing in procedure for new board members, Mr. Jamauri Bogan and Mr. Lucas Middleton. Chair Owens welcomed them to the Board.

2. Introduction of special directors to the EDC for the Heritage Community of Kalamazoo financing project, Howard Barkley and Donald Kneepkins.
3. Consideration of a recommendation the EDC adopts the attached resolution authorizing issuance and sale of Limited Obligation Revenue Bonds for a redevelopment project at Heritage Community of Kalamazoo.

Ms. McCarthy gave the staff report. She stated that staff is recommending the adoption of this resolution. It is the second and final step of a process started last year. The bonds are to help Heritage Community of Kalamazoo finance \$23 million dollars for a new independent living facility.

Ms. Rachel Olmsted spoke for Heritage. She said they are constructing 60 independent living units on the western side of the campus. They started marketing efforts a year ago on this project. Ms. Olmsted reported that 40 of the 60 units are currently held with a 10% deposit.

Attorney Colis, bond counsel for Heritage Community, shared that this is the second part of the full project brought to the EDC last year. He said that Ziegler and Company are the underwriters of the bonds. They buy the bonds and the EDC acts as a conduit. The bonds are sold exclusively on the credit worthiness of Heritage. Mr. Colis confirmed that the bond holders cannot come to the City or BRA for payment in the case of default. Heritage is responsible to pay the bond holders. A bank will handle the payments to the bond holders. Mr. Colis stated that there are short-term bonds which are paid in two to three years. The other bonds go out for 30-35 years. This allows Heritage time to pay off the debt. He said Heritage is required to provide documents disclosing who they are and their financials. Mr. Colis said investors have all the information needed for informed decisions. The purchase agreement is that the EDC agrees to sell the bonds to Ziegler. He said the resolution sets parameters as to the maximum amount. The bonds can also be refinanced.

Director Owens thanked Attorney Colis for the explanation and opened the floor for Director comments or questions.

Mr. Cherry and Ms. McCarthy asked about a bond issuance fee. Attorney Colis reported that the EDC is the best option for Heritage to issue bonds. He said most fees are based on the size of the bonds issued. A lot of issuers cap the fee at a certain dollar amount. In this case the fee paid to the EDC will be capped at \$40,000 following State of Michigan standards.

Director Middleton asked Attorney Colis to touch briefly on the purpose of indemnity. Attorney Colis said the EDC is the issuer on the bonds. A lawsuit could bring EDC to the table even though it is not responsible for the debt. Heritage would take the litigation and EDC would get eliminated from the lawsuit. Director Middleton clarified that EDC could be named as a party but would not face liability. Attorney Colis said that was correct. The EDC and the City would not be responsible for a penny.

Attorney Cherry let Board members know they have liability insurance.

Director Brown moved to approve the resolution authorizing issuance and sale of Limited Obligation Revenue Bonds for Heritage Community of Kalamazoo; supported by Director Hess. Motion approved by roll call vote unanimously.

OLD BUSINESS

None.

COMMUNICATIONS AND ANNOUNCEMENTS

Ms. McCarthy stated she had received some of the signed conflict of interest forms. She encouraged the Directors to get those back to her. Ms. McCarthy will get forms to Directors Bogan and Middleton.

Ms. McCarthy announced that the Planning Department received an award for the Natural Features Protection ordinance from the Michigan Association of Planners. It was the Environmental Excellence Award.

CITIZEN COMMENTS

None.

DIRECTOR'S COMMENTS

None.

ADJOURNMENT: 8:08 AM

Beth Cheeseman
Beth Cheeseman,
Recording Secretary

P. Owens
Chair Signature
Patti M. Owens, Chair
Name/Title