

Economic Development Corporation
Meeting Minutes
Thursday, October 15, 2020

Attending: Chris Rittmueller, Tamara Tsulaia, Mike Southgate, Joe Cramer, Vickie Schmitzer, Todd Jennings, Abby Curtis, and Mike Fassezke
Absent: Brandon Muller, Mike Grossi, Beth Reindel, John Benson, Tim Hildner, and Jamie Furbush.

Also attending were Mayor Mary Ann Ackerman, Bridget Smith, Jerry Nelson and Sheila Stamiris.

There was no public input.

The board receives with regret the resignation of Jeff Monchilov effective immediately. Monchilov has moved to Tennessee. With Monchilov's resignation, there are 14 seated members requiring 8 members to be in attendance for a quorum. When appointments were last made, the Council appointed all three applicants to the open seats. Stamiris will forward a copy of the application form for use by members. An appointment to the open seat is not necessary for the Board to conduct business.

The recent Michigan Supreme Court ruling removed guidance for public meetings, including removal of the opportunity to meet digitally. As of October 15, the ability to meet using online tools was signed into law by the Governor. The lower level of City Hall is a preferred meeting location for in-person meetings. Some companies do not allow members to attend in-person meetings and those prefer a "zoom" type option. A hybrid is suggested to include those who want to meet in person and/or those who can attend by an online method i.e. Zoom. Prior to the EDC meeting next month (November 19) regulations may be changed and a decision on "how" to meet will be made.

The minutes of the August 20, 2020, meeting were approved. Schmitzer moved; Fassezke seconded.

Jerry Nelson, the new City Treasurer was introduced to the Board. He shared background information about himself and his interest in working with the EDC.

Other updates about City business were shared including newly approved design requirements for all Commercial zoning districts, clarifications on Mixed Use Zoning, the opportunity for new Redevelopment Liquor Licenses, the approval of the Greenfields Condo project on Genesee and the variance for Star of the West use of the former School Haus property.

Regarding a visit with Ryan Kilpatrick of Housing Next (greater Grand Rapids area housing collaborative), Stamiris will focus on setting an in-person meeting at the end of January. The EDC would invite the Planning Commission to attend. An article on types of zoning for housing development was shared by Joann Crary of Saginaw Future.

Star of the West Request for IFT Tax Abatement. Star of the West has applied for an IFT (tax abatement) for their proposed project on Main Street. Mike Fassezke, Vice President of Flour Milling, shared information about the project. He noted that in 1900, there were 500 operating flour mills in Michigan; today, there are 50 remaining mills operating in the USA. Business is thriving due to technological advances they are using in production. The project builds a food-grade facility on the Main Street site requiring special construction styles that feature no windows or places to harbor insects or rodents.

The \$6.3 million expansion includes new machinery of which real property investment of \$3.215 qualifies for the IFT. Star will hire 3 persons and retain 35 jobs at this facility. The product generated will be used to make cereal and granola bars. A sample of the product was passed for inspecting. Truck traffic will remain on Hubinger Street with no additional access points to/from Main Street.

Using the policy approved by City Council in December 2019 as the benchmark, the project qualifies for the IFT. The project expands the tax base, creates and retains jobs, supports development in the targeted economic sectors of agribusiness and technology and retains a Frankenmuth business. Taxes generated by the City millage will be captured in the TIF district; the City will continue to receive the taxes it has received from the site in recent years.

As no formal assessment has been completed by the City Assessor, staff estimates that the taxable value of the new investment, abated by 50% (as requested) is about \$650,000 generating about \$6,000 year in City-millage taxes and a little over \$71,000 over the life of the IFT (12 years, as requested.) With this “investment” the City makes by reducing the tax burden on the company, the City will benefit because Star of the West will

- Invest more than \$3.2 million to expand their existing operation and thereby increasing the City’s tax base;
- Continue to pay taxes to the City from all their current investments;
- Retain 35 jobs and will add 3 new ones;
- Add diversity to their product lines supporting company growth and stability; and,
- Add diversity to the City’s economic tax base.

There was discussion. Jennings shared his appreciation to the company for “choosing” Frankenmuth, their commitment to the City and to the adjacent neighborhood. Jennings moved, seconded by Cramer, to recommend approval of the 50%, 12-year IFT tax abatement for the new project. The motion to recommend was approved unanimously. Member Fassezke abstained from this vote because of his affiliation with Star of the West.

Other Business. Mayor Ackerman shared that an online auction is scheduled for the Historical Association for October 27-30. This is the 2020-COVID version of the successful auction held annually and EDC members are encouraged to participate.

Jennings reports that McNally Nimergood remains busy, but has noticed that companies are re-prioritizing their projects for 2021 due to exponential increase rate of cost for materials. McNally Nimergood celebrates its 75th Anniversary in 2021.

Schmitzer comments that mortgage rates are the lowest she has ever seen and business is brisk.

Smith shared that the City has a new relationship with the SVSU OLLI program (adult ed) and is offering successful tours, with participant fees to benefit the Beautification and Sister City committees.

The meeting adjourned.

Respectfully submitted,

Sheila Stamiris