CITY OF EVART

SPECIAL COUNCIL MEETING – LDFA / DDA Viability Investigation

Wednesday, January 8, 2014

Meeting called to order at 6:00 p.m.
Present: **Mayor** - Eric Schmidt; **Council** - Dan Elliott, BJ Foster, Casey Keysor, Gregg Sherman; **City Clerk** – Seraphim Leemon; **City Manager** – Zack Szakacs; **City Treasurer** – Sarah Bigelow. Absent: (none)

Guests: << *40, with some self-identified* >> Helen Young, Tom Young, Roger Elkins, Bob Jones, Gordon Willis, Nicole Weiss – *Cadillac Evening News*, Karin Armbruster – *Pioneer Herald Review*, Melora Theunick – Director LDFA, Kimberly Booher, Jan Booher, Gale Wanstead, Jason O'Dell, Al Weinberg – Director DDA, Ron Woycehoski, Ralph Carlson, Kevinn Beemer, Bob Foster, Alan Bengry, Jerry Logic, June Marie Essner, Margaret Essner, Maryann Borden, John Lorenz, Tina Thompson, Dan Joyce, Dan Brown, Doug Trembath, Connie Douglas, Dick Douglas, Melissa Sherman, Shannon Schmidt, Dennis Beemer, Paul Brown, Mark Corey, officer John Beam

*Purpose of meeting is for the hearing of community and organizational input on preservation and/or dissolving of Evart's Local Development Finance Authority (**LDFA**) and/or Downtown Development Authority (**DDA**) in wake of City Manager's assessment that maintaining the economic viability of each is unrealistic under the dramatic revenue-stream changes (loss of Deans Dairy; reclamation water tower at Ventra; Michigan taxation changes) all of which begin in 2014.*

Mayor Schmidt requests that remarks be contained, and not exceed five (5) minutes per person once called upon, and to direct any questions directly to the City Council itself, with hand raising as the method of indicating one's interest to participate, and the stating of one's name for the record.

Citizenry Comments:

<<**John Lorenz**>> Seeks clarification from City Manager pertaining to the handout "City of Evart Michigan – Component Units Combining Statement of Revenues, Expenditures and Changes in Fund Balance, June 2013"; wonders if the numbers are a projection for 2014 or a status report of 2013. City Manager notes that there was an October 2013 audit and these June 2013 figures are actual and are what was reviewed, directing attention to the bottom number reflecting the LDFA's $143,000 and the DDA's $36,169 "savings account" (Fund Balance) balances as of June last year.

<<**Ron Woycehoski**>> Wants to know the status of current bidding process on DDA-owned properties and what happens to property held by DDA if it is dissolved by Council. Mayor say his understanding is that all property reverts to the City itself. City Manager concurs for any/all assets owned by DDA. Mayor further opts to address a previously expressed belief of Mr. Woycehoski's – stating that Cruikshank Building

sale profits do not revert to the county specifically because the DDA has authority unlike the City directly, to "make a profit".

<<**Tina Thompson**>> Is new to town, impressed with local functions/events; since arriving has not only attended but also helped at these; is proud of town's offerings.

<<**Lynn Salinas**>> Reports that she is in the midst of working with a DDA project and that they have been exceedingly helpful. She appreciates having an organization designated to such matters.

<<**Father Joe Fix**>> Identifies himself as an LDFA Board member for the past approximate twelve (12) years, wants to commend the organization noting the extensive amount of volunteer time invested by members with the extrapolation that as a pastor he finds that any community receiving citizen involvement, becomes far-improved as a whole. Concludes with appeal to preserve the knowledge and talent pool of the agency.

<<**Dan Joyce**>> Requests a quick summary of the pros/cons to the City, residents, businesses as to how things will differ if both or either agency is dissolved. The Mayor points out that the City Manager's 11/26/13 letter to Council was an effective painting of the economic picture. He adds that as to City events, Council so far has no idea of what will happen; monies would be dispersed (to General Fund); concluding that until it happens, the City has absolutely no idea and cannot answer his question. Joyce asks if Szakacs's letter is available and can be read. City Manager summarizes his and Treasurer's job descriptions – positions of informing Council of circumstances and decisions facing the City, not to judge. Reviews history: auditors said Fund Balance is not healthy and is shrinking; if LDFA or DDA incur debt or "go under" the City's budget inherits 100% of the lingering debt. Szakacs offers possibility that very little would change other than The Chamber perhaps assuming responsibility for summer Musicals, or at least getting more involved in events; DIG grants and improvements and the public services to the City, he asserts, would not change. Szakacs adds that statewide amongst the smaller municipalities, dissolution is taking place. Takes opportunity to utilize dry-erase chart, emphasizing that the 1980s and 1990s when the two organizations were chartered, had a different TIFA (Tax Incremental Funding) tax base and that the LDFA and DDA, unlike the City's own budget, benefit from the frozen calculations of their revenue streams at the expense of operating dollars needed by the City, with the agencies' own Fund Balances on a downhill path in the face of current Evart economics, and the legal inevitability that any agency debt would ultimately become City debt. DDA Director Weinberg questions "What debt?". City Manager compliments the agencies for exemplary past performance noting his own residency has only been approximately eight (8) years, but points out the statute says they are not empowered for perpetual existence, merely until original plans are achieved, adding that City has never received new plans, and in his review of the numbers neither is generating revenue going into 2014. LDFA Director Theunick points out their almost $1-million assets which the City stands to inherit. Mayor offers clarification that City receives payment from both agencies for some services and Szakacs emphasizes that is only since his having taken office. DDA Director Weinberg suddenly volunteers to up his payment from the $7500 to $8,000. Debate erupts between City Manager and LDFA Director over legacy expenses to the City from agency projects (citing example of $3500 to fix a DDA-purchased decorative street light; Mayor says it should be about "teamwork" – DDA doesn't pay for repair but does provide the business storefront illuminated by the light, and that is a City benefit; City Manager bemoans that all City

taxpayers have to foot the bill for a DDA-district cost while revenue is 100% focused on the district).

<<**Alan Bengry**>> Offers clarification that the only tax dollars either agency has to work with are those collected from within that district, not Citywide.

<<**Paul Brown**>> Asks for chart clarification. Told by City Manager visual height/angle of red zone doesn't incrementally/accurately represent the $157,676 (LDFA plus DDA audited total tax revenue) figure since he hand-drew the chart for general illustration purposes to compare to 1987 rates.

<<**Dan Joyce**>> Asks City Manager to identify the districtwide costs to the City versus Citywide costs; Szakacs said he hadn't anticipated that question and would need to research the numbers and report at another time. Consults with Treasurer and does quote $71,230 as the amount given to DDA for previous year with the City receiving back $41,000.

<<**Doug Trembath**>> Identifies self a LDFA Board member who wrote the second letter to Council. Suggests one of the considerations should be looking at the purpose of the LDFA; he equates it to a savings account for the City's wellbeing - an investment with valuation which naturally fluctuates, especially in the face of Legislature's removal of a primary income source. Trembath then notes that as a positive, we've hit rock bottom and are on the way back up (property values, etc). LDFA still has a number of projects in the works and they are committed to delivering jobs to the local community. Sees the City as indeed having increased expenses but also assets with increasing value. Points out that individuals move to a community due in part to the parks, improved parking, and other "non-dismissible" qualities. Having worked for the city of Evart for 12 ½ years he feels he is specially qualified to understand the variables. If we want more jobs, the community must offer more than other locales and that is the LDFA's mission.

<<**Connie Douglas**>> Asks for chart clarification. Told by City Manager that yes, (red marker's) tax revenue currently destined to DDA and LDFA would go instead directly into the City's General Fund. Szakacs adds that then the following year through the Assessor's office the tax base year for affected properties would no longer be the "frozen" 1987 but would jump to a 2014 base in order to capture additional funds which in turn would mean a few extra dollars for all tax recipients (Library, County, EMS, Schools). Cites "Cadillac News" article where Legislature and municipal counties are in midst of changing TIFA's in face of great state debt. Says State Senator Booher had extensive conversation with him recently about Lansing not clear on how to maintain services in face of the TIFA debts. City Manager predicts the November 2014 death of TIFA in Michigan. As to Evart specifically, Szakacs notes that of the $136,000 that was given to the two agencies in the past year, had they already been dissolved the City would have been able to recapture $103,000 with the remainder dispersed to Library and the other tax recipients.

<<**Jan Booher**>> Offers her interpretation of the newspaper article, that the eliminations only pertained to specific Michigan DDA's that are already operating in the red, and asks if City Manager had interpreted it otherwise? Szakacs said he reads it both ways. He adds that Tax Tribunal issues are a real threat to the local budgets; LDFA just had to refund $6,000 to the Glass Plant and if Deans Dairy somehow wins its protest that will mean the refunding of two to three years of dollars.

<<**Dan Joyce**>> If Council does dissolve these entities, asks what is the plan for growth or turning things around, suggesting that without an action plan, it would merely be a brief postponement of Evart's demise. City Manager asserts that the Sewer revenue-generating is seriously broken; that Ventra's 2014 closed-loop-system-changes mean instead of $500,000/annually Evart will only be receiving $75,000; Dean's is no longer $240,000/annually now a mere $28/month. He revisits the DDA's recent application for the DIG Grant and points out the City had to contribute $38,000 since the DDA's own accounts weren't flush enough (but with $700,000 at stake it was a worthwhile investment). Szakacs concludes that he doesn't want to see Evart parallel Mecosta which at one time was booming but has completely dried up. The Mayor points out that the DIG Grant was won by Evart on a point system and that had we not had an operational DDA the points allocated for that, would have been the difference between being awarded dollars and missing out completely.

<<**Bob Foster**>> Points out that the glass plant wouldn't be here without the LDFA but he asks what have they accomplished since? Suggesting that with regard to the building of the new airport terminal, we even violated our own rules for the Industrial Park.

<<**Ron Woycehoski** >> Asks specifically what is the DDA's mission, if there is a statute to reference so that the specific language can be "checked off" to evaluate compliance and need for preservation. City Manager laments that that is one of the complications, he has been unable to locate the original Evart DDA Financial Plan, only the Resolution which established it. He elaborates to say that Industrial Park infrastructure (water, sewer, gutters, streets, airport terminal) have all been effectively established by them so what else could possibly have been in their plan? This is followed by his frustration over legacy costs borne by the City versus LDFA/DDA when it comes to the 15.1 miles of Industrial Park roadway potholes and grass mowing. The Mayor suggests that even if the City had created these, there would be City legacy costs. Szakacs argues that without control over which projects and associated legacy issues are pursued, there are City borne inescapable consequences – example: Evart can no longer afford to mow our properties and had to outsource, and the City lost a grant because we have too many parks. He added that our property values are down. Mayor was frustrated that in the case of one park, he and the Business Women's Club had signed up to take over mowing but instead the Department of Public Works (DPW) hired AquaTurf. Szakacs clarified that a new state statute would have removed state revenue had we not been able to illustrate that the City' budget was being downsized specifically by outsourcing cost to private companies and the $7,000 bill to mow 20 properties was at a great discount to what it would have cost the DPW. Connie Douglas refutes City Manager's assertion that the women only showed up once, clarifying that they took out the required application to offer aide but that the outside contractor was hired before they could return the paperwork. Szakacs shares that in the current economic crunch and with specific pressure from the Governor to preserve our state subsidies, a City Manager must illustrate "regional economic consolidation/cooperation/privatization". Therefore Evart and Reed City had explored the possibility of job-sharing DPW Directors, and unbeknownst to many, Reed City had approached him recently about considering a two-town City Manager's post. If one visits "EVART.org" that "dashboard" is one of the requirements and it takes the Treasurer hours to build it merely to receive Lansing's $5,000.

<<**Dick Douglas**>> Regarding the airport, asks that if TIFA captures taxes, does the airport pay any taxes. And then does TIFA maintain the airport or is it total City expense. Asks for clarification as to who pays to maintain the new runway. City Manager explains that City exclusively owns airport, LDFA is given permission to have its office there in exchange for paying utilities. Grant monies fund all but 2.5% of runway maintenance (Federal government has changed to: Feds now pay 90%, State pays 5%, City only pays 5%) – Szakacs points out that the new $500,000 terminal building project only cost Evart $16,000. He reviews airport grants citing former City Manager Dan Elliott starting the process, City Manager Roger Elkins continuing it; Evart receives $150,000/annually to keep up airport improvements. Douglas again asks for confirmation that the LDFA has zero impact on airport status/upkeep. Szakacs emphasizes their only contribution is utility expenses as long as their office is located onsite and that as a geothermal building, it is particularly "green". LDFA Director points out historical LDFA contributions to the previous airport and the new terminal (50/50) as well as most recent month's heating costs $670 due to door leak which has subsequently been repaired.

<<**Councilman Dan Elliott**>> Offers historical look at airport costs which began as 100% responsibility of the City until it was strategically repositioned as a "Federal Eligible Airport" (proving that it exceeded :30 minutes travel time to the next nearest community airport); with that federally qualified standard today it guarantees us approximately $187,000/annually (state plus federal dollars) for a critical Evart infrastructure for attracting business interests. Evart still has to pay for things it previously did pre-Federal Designation (lights) but not the repaving – that is affected by the afore-referenced cost sharing (with minor fluctuation). Revisits Theunick's assertion that yes, prior to the new Terminal, the LDFA had paid 100% of the 2 ½ to 5% city obligation and he goes further to suggest that if the LDFA is able to expand it would be reasonable to expect them to again assume 100% of that slice instead of asking them to contribute to Industrial Park road maintenance. He further detailed City revenue advantages of 5 to 6 times the dollars when roads are designated "major street" versus local, giving Doug Trembath credit for initiating this in Evart's past. Elliott cites all of this to argue against the assertion that there are LDFA legacy costs hitting the City unfairly.

<<**Connie Douglas**>> Wonders if LDFA is dissolved and therefore no longer footing the utility expenses of new airport terminal and no longer offering a welcoming and anti-trespassing physical presence, then who will occupy the Airport for pilots' 24 hour access? And who will pay utilities? City Manager suggests that not unlike original small terminal which had a combination lock, no one need occupy the new terminal and that significant money can be saved because it won't have to be heated for daily occupancy. LDFA Director quickly points out Evart will not save the $10,000 annual utility expense since FAA mandates 24hour/7days-a-week constant temperature for the comfort of pilots.

<<**Dan Joyce**>> Outside of saving the expense of salaries, asks what monies would the City save. And what projects would Evart be less eligible for without a DDA or LDFA? City Manager points out that Commission on Aging, the Library, etcetera would all gain small increases with the change of tax base. Joyce wants to know what are the expected net gains to Evart citizens, since there is a category of fixed costs regardless of whether one of the agencies or City Hall cuts the check. Szakacs offers sidewalk repair which could be afforded in the wake of dissolution and goes on to lament DDA dollars spent on business facade upgrades when he would have seen that as "an expense of doing business" that instead became a taxpayer burden, and which he

further offers is illegal due to a “grey zone” interpretation of the statute giving a DDA permission to spend money on facades of DDA-owned properties. Joyce attempts to summarize City Manager’s answers: “Two years from now, citizens’ net gain would include 1.Repaired sidewalks (avoiding lawsuits) 2.Newer equipment for DPW (and save diesel fuel expenses) 3.Combating of public restroom mold issues.” Szakacs says it’s a fair summation and emphasizes that it is not his nor the Treasurer’s domain but City Council decisions which will determine the spending directions within a balanced budget. Joyce is concerned that without a bold proposal of what would be different, the City is “putting the cart before the horse” and that as a citizen who can’t look to a tally sheet comparison, if it is essentially “a wash” since someone will have to be newly hired to direct some of the former LDFA/DDA responsibilities, etc., and if the Council hasn’t yet bothered to make a plan for spending and allocating, then why would the average citizen endorse the undertaking.

<<**Councilman Gregg Sherman**>> Offers that in his past two years on Council it is inherently clear that the City is constantly battling revenue issues with the sewer system and that if a crisis happens then with LDFA/DDA monies that might mean that an otherwise necessary water rate increase can be postponed. He emphasizes the blow to City coffers both Deans and Ventra have dealt and that the possible dissolution is purely economic and nobody’s fault.

<<**Councilman Casey Keysor**>> Points out that it may not be so much what we “gain” as what we are able “to keep” with the transfer of dollars.

<<**Councilman Dan Elliott**>> Suggests that perhaps colleague Gregg Sherman misspoke when he used the term “tax payer” instead of “rate payer”, as it pertains to water use, since they are not necessarily the same individual. Sewer funds operate he says, more like an “Enterprise Fund”. Councilmembers Sherman and Elliott exchange examples of prior citizen remarks as to love of town but determination to move if rates increase, as well as those who live in town but do not pay for water yet benefit from the service. Elliott informs the room that while decorum prevents LDFA from disclosing specific relocation potentials publically, his recent meeting with them made it clear that there are two projects on the books which could be Evart success stories.

<<**Melissa Sherman**>> Introduces herself as a homeowner-resident of 18 years for whom the water bill used to be $64 per quarter (three months) and now is $69 per month. She has a spouse who lost his Deans’ employment, she works in town, drives through town daily and yet the only tangible DDA/LDFA thing she sees is the dancing hotdog mascot on summertime Mondays promoting a lunchtime discount. Her inquiries hinge on the point of what has been done in a recent timeframe for the town. Sherman asks what either agency is doing to help her keep her family together? help her long-term-unemployed husband find a job? help her afford to stay in her Evart home? Adding that the dancing hotdog is more of a traffic distraction and gimmick rather than a meaningful aide. The Mayor responds by saying he believes there are many businesses which have been setting up shop in Evart and businesses that have expanded.

<<**Alan Bengry**>> Responding to City Manager’s criticisms of the DDA facade program he dates its beginning to just prior to the previous Director, Darcy Salinas’ departure, and pridefully notes that 9 grants have been made to date – five (5) of which to pre-existing businesses (Jim White Law Offices, Cushman Appraisals, OHLA,

Crossroads Church, Northon' Bookshire) and four (4) to new arrivals (Movies'nMore, Property Central Real Estate, Iron Skillet Café, combo Affordable Prints/Unit Assist).

<<**Melissa Sherman**>> Points out that it is fine that those look better but it didn't bring jobs in.

<<**Jerry Logic**>> Argues that painting the facade of a building doesn't make the community better, especially when fresh paint on the front doesn't deal with the dilapidated nature of those same buildings' other exterior walls (example bookshop with open brickwork to the alley).

<<**Alan Bengry**>> Wants the record to reflect that the reason this past year's DDA budget was overspent by $37,000 was due to the final $35,000 bond payment which needed to be paid, completing its third bond project since his tenure on their Board, the project having been "Street Scape" along U.S. 10 up to Twin Creek. Bengry added that it was probably a mis-speak on behalf of the City Manager when he said the DDA applied for the DIG Grant, since technically it is a City which has to apply. All agreed that this year the DDA will be spending an unbudgeted-for $35,000 in cost sharing with the City as part of the DIG Grant (which did not exist as a possibility at the time the fiscal budget was drafted).

<<**Ron Woycehoski**>> Requests clarification on what comprises the LDFA's nearly $1-million dollars in assets. City Manager reports that it is land. Woycehoski asks if they could then become tax generating items. The Mayor says that if they are sold to private owners then yes and that would be the "end goal".

<<**Dick Douglas**>> Questions that if DDA sells property, do the TIFA's get the money. City Manager explains that the DDA itself keeps the money and then gives example that should Mr. Woycehoski purchase the Cruikshank building, the tax base would go up and the City captures the added revenue. There is additional reference to the fifty (50) acres on the north side of U.S. 10 along 100th Avenue which is sitting empty, and Szakacs asserts that we are "land poor".

<<**Shannon Schmidt**>> Emphasizes the opportunity of Cruikshank building being sold initially to DDA by the county for a low price and turned around for a high price, while the City as an entity, is prohibited from doing the same maneuver without forfeiting to the county, those "profit dollars".

<<**City Manager, Zackary Szakacs**>> Calls upon the Council and citizenry to think about the DDA and LDFA as the separate agencies which they are, especially as permanent decisions about their viability are considered.

<<**Mayor, Eric Schmidt**>> Volunteers explanation of why the Cruikshank building sale carries with it minimum $40,000 bid; it is with the hope that that transaction will fund the $17,000 demolition estimate for the former Speeds building (Evart House original Carriage House) on U.S.10.

<<**Ron Woycehoski**>> Bemoans that that is all short term thinking and a bit of a shell game and instead a civic entity should be looking at the revenue stream from a 30 year building owner not merely a demolition freebie. The Mayor says he appreciates Mr. Woycehoski's various buildings providing business rentals, but as a resident of Evart, Schmidt doesn't want to have to daily endure the sight of a boarded up Speeds building.

Woycehoski simply points out that for every year a property is not sold, the City loses tax money.

<<**Bob Foster**>> Asks if thought has been given to combining the directorships of the LDFA and DDA. The Mayor explained that LDFA Director Melora Theunick offered to her board that she be laid off as a means of placating the overall situation, and a position on the board may be in the works for her so that her grandfathered knowledge would not be lost. As a Mayor he doesn't want to see anyone lose their job, although it is "City first" and he was irritated that the City Manager's letter chose to link the two organizations since he, Schmidt, sees the DDA as thriving.

<<**Councilman Gregg Sherman**>> Asked City Manager if TIFA can still exist if a city eliminates one or the other LDFA/DDA. Szakacs clarifies that you lose TIFA but could keep the board of directors to keep things legal, but personally, he predicts that would merely be a step toward the LDFA dissolving itself since there isn't revenue stream. LDFA Director points out that they have money and a balanced budget with years of fiscal responsibility. City Manager responds that they won't if they have to spend anything.

<<**Dennis Beemer**>> Introduces himself as the Chair of LDFA Board and he goes on record saying they should have said "no" to the City when asked for money for website and to other entities around town, since those dollars weren't in their annual budget. City Manager agrees. Beemer turns to Bob Foster to see if in fact the LDFA help offered him years ago for the "Osceola Grand Hotel" on U.S.10 was beneficial (Foster paid only $1,000 on $189,000 land purchase) and then asserts that he would have the LDFA do it again. City Manager points out they just did it again, with regard to Riverside East new park. Beemer cites all new "gifts" come with attached expense, not unlike the purchase of a new car requiring gasoline.

<<**Roger Elkins**>> Has a prepared report and charts illustrating that 49 of 50 U.S. States approved TIFA as a "tool you can use", locally Grand Rapids having been a glowing example of the success they can facilitate. His two arguments to the City Manager are: 1) the figures in the letter suggesting that the City can capture $138,000 does not add up when calculating with the 14.5339mil tax rate ($77,000). and 2) graphing the numbers precisely with 1984 at $19,000,000 departs greatly from Szakacs' where it would appear that the city has "flat lined" since the 1990s. He calls upon departments to work together, for the LDFA and City Council to join forces and call a joint project for mutually beneficial change, not unlike a similar effort made successfully with regard to the schools. As to Legislative change, he entreats Council to wait until it is no longer merely speculation and instead figure out how to work together, asking sarcastically, what might be next as a budget/control move, elimination of the Fire Board? Elkins cautions the body that public confidence in public officials is already extremely low.

<<**Dan Joyce**>> Wants to know what the City's DDA and LDFA's last five (5) year and ten (10) year budgets were; if they were balanced or at least close. Questions if there is any amount Evart can reclaim from (charge to) these agencies to become more profitable without dissolving either. Had been under the impression there wasn't much business creation but just this evening he did hear about the four new businesses.

<<**LDFA Director, Melora Theunick**>> Says their budgets have always been balanced and if there are leftovers they are spent since as a non-profit, that is their

directive; they have been responsible for the introduction of the Easter Egg drop, the Jennie program, the Post Office and Hotel are here directly because of LDFA, numerous things undertaken, employed 20 children all summer, up until past three (3) year they were the force behind 4th of July fireworks, Farmer's Market, Quilt Trail, The Fly-in (27 planes this year), Riverside East, aide to DulcimerFest, Woodcarvers, serving as a "Sugar Daddy" throughout town for programs that bring individuals into town and Evart wouldn't be what it is without the LDFA. She is chagrin that at the first signs of their agency falling on hard times, no one offers help or their perspective and dissolving of LDFA would doom Evart to being a "bedroom community"

<<**Councilman Gregg Sherman**>> Asks Theunick why the building that Bob Foster referenced was built without a permit. LDFA Director says that was a complete mis-statement, it was inspected by the MEDC and certification was regained this year and will be valid for another three. The building is fine. Sherman is satisfied but Bob Foster pursues belief that there were never to be "pole buildings" on city property. Discussion centers around IEDC rules with The Mayor asking Foster if even if there had been rules changed would he have preferred that the employer never arrived. Foster says rules need to be followed. Theunick defends implicitly that no rules were skirted or amended. Sherman asserts that employment should trump what the exterior of a building looks like. "Who" is employed by it came into play, with the answer resting in Evart and Marion citizens. The question of "who built what" ended with the City Manager clarifying that the PGW (Pennsylvania based: Pittsburg Glass Works) glass company's sale to PLM (Professional Lakes and Land Management Group) was for $1.00, thereby negating the City's 50% financial interest in the profit.

<<**Alan Bengry**>> Answers Joyce's long-term budget questions, noting that this past year was the first year they've (the DDA) run a deficit.

<<**Kevinn Beemer**>> Identifies himself as former Council member, small business owner (adult care) and DDA member. Describes current attempt to establish $2 ½ million dollar Adult Care facility in town, finds investors wonder if Evart is worthy of investment / can the city sustain itself; has found his own investors 100% on his own without any aide from the MSG Consultants (so he questions their consulting fees); compliments the evening's progress as one of the best investigations/dialogues he's seen around City Hall; concerned that other departments' budgets might be a better place from which to glean revenue (example: Police) and recognizes that hindsight is 20/20 (example: the 100th Avenue property already referenced would have been better put to use as a fuel farm); ending by suggesting that legacy costs will exist regardless of which branch of government created the item/situation.

<<**Paul Brown**>> Introduces himself a Osceola Township Supervisor and ex-officio LDFA member. States that LDFA is working diligently on Evart's behalf and that merely one or two newly-attracted businesses would turn the town's fortune.

<<**Margaret Essner**>> Introduces herself as a 19 year old new Evart high graduate who has recently spent a year out of the country, only to come home and be hit with a shocking reality of how empty her beloved home town is. She has been long involved in the Farmer' Market, has witnessed how the LDFA and DDA have been important to Evart's vitality and implores Council to do what it takes to allow her to remain proud of her hometown even though she is facing the unwelcome likelihood of having to leave in order to find employment.

<<**DDA Director, Al Weinberg**>>   Presents a four (4) page report to Council: "DDA Future" in which he addresses City Manager's concerns; notes that as a Board member Szakacs has served while facade grants have been awarded with unanimous vote support; outlines DDA achievements; adds that when he began as DDA Director a couple of April's ago, it was to help the community, not merely the taking of a part time job. Weinberg concludes by emphasizing the need for Council, regardless of which decision it makes, to act expeditiously since there are eminently important decisions, contracts and plans which demand February commitments. It is his desire that the City Council reject the proposal to dissolve either of the agencies and simultaneously to grant a two (2) year "window of peace" wherein dissolution will no longer be threatened, thus allowing both Boards and both Directors to function healthfully and with full focus on forward momentum.

<<**Kevinn Beemer**>>   Cites scenario of approximately eight (8) years earlier in which Chiropractor Dr. Drouse was prohibited from using the west end of his newly built U.S.10 building due to Building Commission oversight or incomplete regulation understanding, only to have the City missing out on years' worth of tax revenue due to "a slip up" or short-sightedness, with Beemer wondering how many similar "missed revenue opportunities" could the City revisit. Councilman Keysor explains that rules cannot be bent for a single individual. Beemer argues that we should be flexible to meet the varying circumstances as they arrive, and that in the case of Drouse, someone in authority should have at least forewarned him. Bob Foster cites his own tenure on several committees over the years but says somehow that building went up without going before the Commission. Keysor corrects that, suggesting that the internal partition that prevented City Code compliance for the western half, had been an afterthought after the Commission already granted permits.

<<**Bob Jones**>> Offers his credentials of five (5) decades of economic advice for small towns; compliments the evening's participants for their obvious investment in their community; observes that not unlike many places, Evart indeed has problems. Having watched Evart for years and concluding that we are a great community he suggests personality issues be set aside, recommending that the Mayor, Dennis Beemer of the LDFA and Alan Bengry of DDA, along with a few others sit down and find a creative solution to the economic problems, including ways of raising funds and Mr. Jones will volunteer his time pro-bono to facilitate the meeting, should the Council desire it.

<<**Dan Joyce**>> Asks City Manager how long the $5,000 buffer needs to last. Szakacs emphasizes that General Fund is balanced, but in the event of a spending emergency, only $5,000 is set aside through fiscal yearend which is June. Joyce follows up by asking what is "the plan" for financial survival if the call for dissolution fails.
City Manager replies: "layoffs".

<<**Councilman Dan Elliott**>> Suggests that earlier presentation by former City Manager Roger Elkins had a chart which omitted "Stationary Revenue", but that otherwise it told a good tale. He explains that local stationary revenues (formerly called statutory revenue) have filled the gap in the state's own budgets in lean years, to the tune of $6+ billion dollars in Michigan over the last eight to ten years courtesy of local governments. Elliott says he has received numerous calls about this issue including several from State Senator Booher (as recently as prior to the start of the evening's meeting) in which Elliott keeps advising that the State cannot keep giving back a few dollars because their absence will create crisis in future budgets at the expense of local governments and schools. "EVIP Funds" (Economic Vitality Incentive Plan), according

to Szakacs, have fallen from $54,000 to $20,000. Elliott illustrates his point by noting that the Glass Plant cost about $33-million yet is on the tax rolls for only about $2-million, and he suspects that the homeowners in the room didn't received that type of reduction in property taxes. He adds that in the wake of Prop A, that value can only go up by the rate of inflation – still far avoiding the $33-million valuation. In contrast, he points out a possible bright spot in the LDFA and DDA future; issue of Personal Property Tax is yet to be defined but the state is hinting that it will make up for the loss to the extent of approximately 90% since LDFA / DDA failure would negatively impact Michigan's credit rating. This would likely be linked to a "Michigan Tangibles Tax" which would use as its base: December 31, 2012 and as that applies to Evart, the dairy still had all of its personal property onsite, hence a high dollar amount and the DDA would be a huge winner in our community. November 2014 ballot is likely to determine the outcome.

<<**MaryAnn Borden**>> Introduces herself as a member of the community albeit not the city limits, for sixty (60) years (Mark Corey teases with age references). She appreciated the points illustrated by Mr. Weinberg about the events available to folks as part of a viable community, but she argues that we no longer are a "viable community", haven't been for a while, and sadly are instead a "struggling community". In light of our plight, she asks to hear specifics such as which companies are coming our way. Border suggests it's time for civic "bare bones reality checks", noting that in her lifetime she has had to pare down and face severe budgeting, understanding that you cannot spend what you do not have, therefore perhaps it is time to focus on just one Board between the LDFA and DDA although she personally doesn't know which, that would be in the Council's parameter. Ultimately though, she requests that specific forward moving examples be given instead of past accomplishments. Kevinn Beemer offers that he is trying to build a facility within the next few years; Borden appreciates the example.

<<**Jerry Logic**>> Acknowledges the crowd as being welcome, but wants to see a show of hands for how many actually live in town paying water and sewer. Business owners protest that they too have a direct interest in the issue at hand. Logic argues that business can pass rate hikes on to customers in contrast to the direct hit it has on residents; the crowd insists that in a small town, small business cannot readily do a "pass through". As a 65 year resident himself, Logic bemoans that more residents didn't feel the need to attend – simply creating a "taxation without representation" situation. He notes that our schools are failing to adequately educate our local youngsters, and that most folks merely drive <u>through</u> Evart, perhaps admiring how nice it looks with fresh paint and museum window displays, but never stopping.

<<**Dennis Beemer**>> Takes exception to Logic's dislike of the balance between residents and non-residents. Asserts that having chaired the LDFA for 16 to 17 years the last seven (7) have produced more mean spiritedness directed at his agency than ever before. He illustrates his disappointment with the Council by pointing out that only the Mayor ever attends his Board meetings, singling out Councilmember Sherman who replies that he in turn has never before seen Beemer at a City Council meeting; Councilmember Foster is singled out, acknowledges he hasn't and isn't likely to attend and when asked if he isn't concerned about the LDFA, Foster vehemently notes that he is; Councilman Keysor suggests that if the meetings weren't in direct conflict with his father-of-four-young-children-duties (7:30 a.m. on a school day), he would enthusiastically attend but in lieu of that convenience he, Keysor, does connect with Theunick on a regular basis. Beemer states that while he has no sway over City

Council, he does send a representative and yet in contrast, his Board is an arm extension of City interests and as such deserves Council presence.

<<**Alan Bengry**>> Offers some closing remarks focusing on four (4) looming January decisions facing the DDA, including requesting of the $8,000 Community Foundation Grant to fund this summer's Musicales ($4,000 grant already in hand), and the request to the county for "quality pickings" among the 2014 available Christmas decorations. Bengry implores them not to make a hasty decision but to make a quick one. If the Council's decision boils down strictly to economics, he points out the DDA receives more money that does not belong to the City than they receive from the City coffers; about 43% of their tax revenue comes from other entities, added to the $23,000 in grant money and interest, so the balance does not take away from City budgets while 100% is *spent* on Evart projects. He concludes by observing that that sort of balance is a businessman's dream come true.

<<**Councilman Dan Elliott**>> In that same spirit he offers that in recent meetings with the LDFA Director, there are two companies which may be very close to making a pro-Evart decision, but without the LDFA's TIFA available, the deals would be undoable therefore as a professional courtesy as quickly as possible she (Theunick) needs to inform them if the "bridge" provided by an LDFA is no longer going to be available.

<<**Councilmember Gregg Sherman**>> Extends a thank you to all in attendance for their input.

<<**Councilmember Dan Elliott**>> Urges everyone in attendance to call the offices of both State Senator Darwin Booher and State Representative Joel Johnson lobbying them to "fix Municipal Finance in Michigan".

Moved by Sherman, seconded by Foster …
… Adjournment at 8:19 p.m.
Passed unanimously