

June 2, 2008  
Gladwin, Michigan

The Regular Meeting of the Gladwin City Council was called to order by Mayor Winarski at 8:00 p.m.

Present: Alward, Crawford, Hindman, Jungman, Mienk, Novak, Smith

Absent: Caffrey

Staff Present: Bob Moffit, Shannon Greaves, Bernie Weaver

Also Present: Mayor Thomas Winarski, Pastor David Sprang, Jordan Case, Commissioner Bill Rhode, Aaron Miller

Mayor Winarski led the Pledge of Allegiance and the invocation was given by Pastor David Sprang.

Minutes of the May 19, 2008 meeting were approved as presented.

Motion by Council Member Alward, supported by Council Member Novak to approve Warrant #08-34 in the amount of \$74,171.07 and Warrant #08-35 in the amount of \$30,660.32. All ayes. Motion carried.

#### Hearing of Delegations

Commissioner Rhode stated Gladwin County issues.

Motion by Council Member Jungman, supported by Council Member Alward to approve the agenda with the following addition: New Business – Shull Transport Bill for Gravel. All ayes. Motion carried.

Motion by Council Member Novak, supported by Council Member Alward to approve the consent agenda as follows: Communications – (i) Administrator Updates; Meetings – Airport Board 2/25/08, Airport Board 3/13/08, Airport Board 4/4/08, Fair Board 5/7/08, Fire Board 5/7/08, Safety Committee 5/21/08, Charter Commission 5/14/08, Parks Commission. All ayes. Motion carried.

#### Old Business

Council Member Mienk was seated at 8:05 p.m.

Motion by Council Member Smith, supported by Council Member Hindman to approve the Gladwin County Historical Societies request of street parking not

allowed on Cedar Street during the parade on August 9<sup>th</sup> from 11 a.m. to 1 p.m. for a minimum of three blocks on the north side of the street from Silverleaf Street to Bowery Street and to also approve closing the access crossing Grout Street from the south and that the streets perpendicular to and north of Cedar Street along the parade route be blocked. All ayes. Motion carried.

Motion by Council Member Jungman, supported by Council Member Alward to approve wage increases for election workers as follows: Election Inspector - \$9.00 per hour and Election Chairperson - \$9.50 per hour. All ayes. Motion carried.

Motion by Council Member Crawford, supported by Council Member Hindman to approve Purchase Order #08-318 to Bader and Sons, Co. in the amount of \$3,200.00 to come from 661-000-138.000. All ayes. Motion carried.

### **ORDINANCE NO. 297**

#### **CITY OF GLADWIN TAX EXEMPTION ORDINANCE #2 AS PROVIDED BY THE STATE HOUSING DEVELOPMENT ACT**

THE CITY OF GLADWIN ORDAINS:

##### Section 1. PURPOSE

This article is to provide for a service charge in lieu of taxes for a dwelling project for persons of low to moderate income to be financed or assisted pursuant to the provisions of the State Housing Development Authority Act of 1966, as amended. This Ordinance shall be known as the "Affordable Housing Alliance Tax Exemption Ordinance."

##### Section 2. PREAMBLE

It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low to moderate income and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act of 1966 (1966 PA 346, as amended, MCLA Section 125.1401 et. seq., MSA Section 16.114 (1)et. seq.) The City is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses not to exceed the taxes that would be paid but for this Act. It is further acknowledged that such housing for persons of low to moderate income is a public necessity, and as the City will be benefitted and improved by such housing, the encouragement of the same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service

charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are financed in reliance on such tax exemption.

The City acknowledges that Affordable Housing Alliance (the "Sponsor") has offered, to own and operate a housing development identified as "Shelterhouse Homes" on certain property located at 201 East Grout Street and 415 Beech Street, in the City to serve persons of low to moderate income, and that the Sponsor has offered to pay to the City on account of this Housing Development an annual service charge for public services in lieu of all taxes. The legal description of the specific properties subject to this Ordinance is set forth on Attachment A.

### Section 3. DEFINITIONS

All terms shall be defined as set forth in the State Housing Development Authority Act of 1966, of the State of Michigan, as amended, except as follows:

- A. Act means the State Housing Development Authority Act, being Public Act 346 of 1966, of the State of Michigan, as amended.
- B. Annual Shelter Rent means the total collections during a calendar year from all occupants of a housing development representing rent for occupancy charges, exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants.
- C. Authority means the Michigan State Housing Development Authority.
- D. Housing Development means a development which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines improve the quality of the development as it relates to persons of low income.
- E. Elderly means a single person who is sixty two (62) years of age or older or a household in which the head if the household is at least one (1) member is sixty two (62) years of age.
- F. Sponsor means persons or entities which have applied to either the Authority for a Mortgage Loan to finance a Housing Development or to another governmental entity for a federally-aided loan, as defined by the Act.
- G. Utilities means fuel, water, sanitary sewer and electrical service which are paid by the Housing Development.
- H. Persons of Low Income means persons and families eligible to move into a Housing Development.

- I. Mortgage Loan means a loan to be made by the Authority or Farmers Home Administration or the Department of Housing and Urban Development to the Sponsor for the construction and permanent financing of the Housing Development or a Mortgage loan insured by HUD.

#### Section 4. CLASS OF HOUSING DEVELOPMENTS.

It is determined that the class of Housing Developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of taxes shall be housing developments for elderly persons and persons and families of low to moderate income, which are financed or assisted pursuant to the Act. It is further determined that Shelterhouse Homes is of this class.

#### Section 5. ESTABLISHMENT OF ANNUAL SERVICE CHARGE:

The Housing Development identified as Shelterhouse Homes shall be exempt from all property taxes from and after the year the project is placed in service as evidenced by a certificate of occupancy from the appropriate public officials. The City acknowledging that the Sponsor and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all property taxes and a payment in lieu of taxes as established in this Ordinance, and in consideration of the Sponsor's offer, to own and operate the Housing Development agrees to accept payment of an annual service charge for public services in lieu of all property taxes. The annual service charge shall be equal to fifteen percent (15%) of the Annual Shelter Rents actually collected. This Ordinance shall have no retroactive effect and applies to subsequent tax years only.

#### Section 6. LIMITATION ON THE PAYMENT OF ANNUAL SERVICE CHARGE.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for part of the Housing Development which is tax exempt and which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Housing Development if the Housing Development were not tax exempt.

The term "low income persons or families" as herein shall be the same meaning as found in Section 15 (a)(7) of the Act.

#### Section 7. CONTRACTUAL EFFECT OF ORDINANCE.

Notwithstanding the provisions of Section 15 (a)(15) of the Act, to the contrary, a contract between the City and the Sponsor with the Authority as a third party beneficiary under the contract, to provide tax exemption and accept payments in

lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

#### Section 8. PAYMENT OF SERVICE CHARGE.

The service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes except that the annual payment shall be paid on or before February 28 of each year. The sponsor shall submit a statement from its independent auditor verifying the amounts used to compute the payment are correct as reported. The statement and supporting documents may be from the sponsor's federal tax return.

#### Section 9. DURATION

This Ordinance shall remain in effect and shall not terminate so long as the Mortgage Loan remains outstanding and unpaid or the Authority has any interest in the property; provided, that occupancy of the Housing Development commences within one year from the effective date of this Ordinance.

#### Section 10. TERMINATION

Notwithstanding anything contained herein to the contrary, should the Sponsor fail to pay the service charge in lieu of taxes granted hereunder or fail to provide the verification of the calculations used to make the payment, the City of Gladwin shall file a certificate of nonpayment upon the Sponsor of the Housing Development and the Authority by certified mail, with a copy to be filed with the Register of Deeds of Gladwin County. Following the expiration of sixty (60) days after service of a certificate of nonpayment upon the Sponsor and the Authority, if payment and supporting documentation has not been made, the service charge in lieu of taxes granted by this Ordinance shall automatically be terminated, retroactive to January 1 of the year for which the service charge in lieu of taxes applies.

#### Section 11. SEVERABILITY

The various sections and provisions of this Ordinance shall be deemed to be severable, should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

#### Section 12. ACKNOWLEDGMENT

Sponsor acknowledges that Sponsor shall provide to the City documentation from the Authority indicating the Authority's participation with a Mortgage Loan.

Section 13. REPEALER

All Ordinances or parts thereof in conflict herewith are hereby repealed and shall be of no further force and effect, provided that this Ordinance is not intended to repeal any other Tax Exemption Ordinance.

Section 14. EFFECTIVE DATE

This Ordinance shall take effect thirty (30) days after publication.

Roll Call Vote:

Ayes:	Alward, Crawford, Hindman, Jungman, Mienk, Novak, Smith
Nays:	None
Absent:	Caffrey
Abstain:	None

This Ordinance adopted this 2nd day of June, 2008.

Attachment A

GLADWIN CITY MAP OF TOWNSEND & CLARK'S ADDITION-SOUTH BLOCK 4 E 22FT OF LOT 11 & BLOCK 4 W 22FT OF LOT 12 AS RECORDED IN LIBER 837-828.

GLADWIN CITY MAP OF TOWNSEND & CLARK'S ADDITION-NORTH BLOCK 2 LOT 7 & E 1/2 OF VACATED WILLOW ST. ADJACENT TO SAID LOT.

Motion by Council Member Smith, supported by Council Member Novak to authorize payment of \$80,000.00 to Pyramid Paving Company for a portion of invoice 8612-1. All ayes. Motion carried.

**RESOLUTION**  
**GLADWIN CITY CHARTER PROPOSAL**

**WHEREAS**, the Gladwin City Council at their June 2, 2008 meeting voted to put before the people at the November 4, 2008 election the question of:

**“Shall the City Charter proposed by the  
City Charter Commission be adopted?”**

**NOW, THEREFORE BE IT RESOLVED**, that the Gladwin City Council hereby authorizes the City Clerk to place this question on the ballot.

The foregoing resolution was offered by Council Member Jungman, supported by Council Member Alward.

Roll Call Vote:

Ayes: Alward, Crawford, Hindman, Jungman, Mienk, Novak, Smith  
Nays: None  
Absent: Caffrey  
Abstain: None

Resolution declared adopted this 2nd day of June, 2008.

Shull Transport invoice was discussed regarding gravel for Cemetery and Chatterton Streets. No vote was taken as this invoice was under the Administrator's spending limit.

Comments

Gladwin County Fair is June 15-21, 2008.

Clerk Greaves stated that registration for the MML 2008 Annual Convention was open.

Ribbon cutting at the Dialysis Center is Sunday, June 8, 2008.

Motion by Council Member Jungman, supported by Council Member Alward to adjourn. All ayes. Motion carried.

Meeting ended at 8:23 p.m.

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Thomas L. Winarski, Mayor

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Shannon Greaves, City Clerk