

March 04, 2019

Gladwin, Michigan

The Regular Meeting of the Gladwin City Council was called to order by Mayor Darlene Jungman at 5:00 p.m.

Present: Bodnar, Caffrey, Crawford, Darlington, Gardner, Kile, Smith, Winarski

Absent: None

Staff Present: Chris Shannon, Kim Bruner, Bernie Weaver, Thom Huber

Also Present: Mayor Dee Jungman, Pastor Dorsey, Attorney Doug Jacobson, County Commissioner Ron Taylor, Cristy Gutierrez, Kaitlin Thorne, Travis Povey, Kelly Gower, Heather Arnold, Pastor Hortop, Stacie Matta, Emily Lugo, Mike Ridley, Doug Lewis

Mayor Jungman led the Pledge of Allegiance and Pastor Dorsey gave the Invocation.

Accepted the corrected minutes from the February 18, 2019 for the regular City Council meeting as presented.

Motion by Council Member Gardner, seconded by Council Member Caffrey to approve warrant #19-024 in the amount of \$253,113.62, payroll for the period ending February 24, 2019 in the amount of \$59,018.83, and warrant #19-025 in the amount of \$30,636.12. All ayes. Motion carried.

Hearing of Delegations:

County Commissioner Ron Taylor stated that they interviewed 3 good candidates for the Emergency Manager position and will be offering the position to the selected candidate on March 12th. With the resignation of Commissioner Sandra Aultman they have received 6-7 letter of interest and will review at the next Commissioner meeting. Thank you to all the quick responses in regards to warming stations within the County, thankful for such a great community we live in.

Motion by Council Member Caffrey, seconded by Council Member Gardner to approve the agenda. All ayes. Motion carried.

Motion by Council Member Crawford, seconded by Council Member Caffrey to approve the Consent Agenda as follows: Communications: i.) Library January Usage Statistics, ii.) State of Michigan – Department of Treasury, iii.) Consumers Energy – Case No. U-20356. Meetings: i.) Gladwin Airport Commission Meeting – February 14, 2019, ii.) Personnel/Finance Committee Meeting – February 21, 2019, iii.) Parks Commission Meeting – February 25, 2019, iv.) Planning Commission Meeting – February 26, 2019, v.) Personnel/Finance Committee Meeting – February 28, 2019. All ayes. Motion carried.

Public Comment:

Doug Lewis from the New Dawn Shelter stated the lack of housing in Gladwin continues to be an issue, those that stay at the shelter are mostly from the Gladwin and Clare area. Would like to see affordable housing available in the Gladwin area to help individuals get back on their feet and moving in a forward direction.

Old Business:

Administrator Shannon spoke about the need for the inclement weather policy and discussed the procedure in the policy.

Motion by Council Member Kile, seconded by Council Member Caffrey to approve the inclement weather policy as presented. 7 ayes, 1 nay. Motion carried.

Heather Arnold was present on behalf of DeShano Companies to answer any questions regarding the 2nd reading of Ordinance No. 342.

CITY OF GLADWIN

ORDINANCE NO. 342

TAX EXEMPTION ORDINANCE VILLAGE NORTH – PHASE II

An amendment to Ordinance No. 336, removing section 10 and section 12

ADOPTED:

THE CITY OF GLADWIN ORDAINS:

An Ordinance to provide for a service charge in lieu of taxes for a multiple family dwelling project for persons of low to moderate income to be financed with a federally-aided Mortgage Loan pursuant to the provisions of the State Housing Development Authority Act of 1966 (1966 PA 346, as amended; MCL 125.1401, *et seq*) (the “Act”)

Section 1. PURPOSE

This Ordinance shall be known as the “Village North - Phase II 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 persons and families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with the Act. 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 of low to moderate income persons and families is a public necessity, and as the City will be benefited and improved by such housing, the encouragement of the same by providing real estate tax exemption for such housing is a valid public purpose. It is further acknowledged that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of all *ad valorem* taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of the

housing projects that is constructed or rehabilitated with financing extended in reliance on such tax exemption.

The City acknowledges that Sponsor (as defined below) has offered, subject to receipt of an allocation under the Low Income Housing Tax Credit (LIHTC) Program by the Michigan State Housing Development Authority, to construct, own, and operate a housing development identified as Village North Apartments – Phase II on certain property located at 559, 565 and 569 Clendening Road, in the City to serve persons and families 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 *ad valorem* property taxes.

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. Authority means the Michigan State Housing Development Authority.
- 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. Utilities means fuel, water, sanitary sewer and electrical service which are paid by the Housing Development.
- 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. With respect to this ordinance, Housing Development is a forty nine (49) unit project, contained in three 3 buildings, together with associated grounds, parking and related facilities.
- E. Sponsor means DeShano Development Corporation and any entity which have applied to the Authority for an allocation under the Low Income Housing Tax Credit Program to finance the Housing Development.
- F. LIHTC Program means the Low Income Housing Tax Credit program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.
- G. Low to Moderate Income Persons and Families means persons and families eligible to move into a housing project.
- H. Mortgage Loan means a loan that is Federally-Aided (as defined in Section 11 of the Act) or a loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation, acquisition and/or permanent financing of a housing project, and secured by a mortgage on the housing project

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 Village North Apartments- Phase II is of this class.

Section 5. ESTABLISHMENT OF ANNUAL SERVICE CHARGE:

The Housing Development identified as Village North Apartments - Phase II and the property on which it shall be constructed shall be exempt from all *ad valorem* 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 *ad valorem* property taxes and a payment in lieu of taxes as established in this Ordinance. Therefore, in consideration of the Sponsor's offer, subject to receipt of an allocation under the LIHTC program, to construct, own and operate the Housing Development, the City agrees to accept payment of an annual service charge for public services in lieu of all *ad valorem* property taxes. The annual service charge shall be equal to nine percent (9%) of the Annual Shelter Rents actually collected by the Housing Development during each operating year.

Section 6. 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 7. 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 but 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 8. PAYMENT OF SERVICE CHARGE.

The annual service charge in lieu of taxes as determined under this 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 for a period of fifteen years after the certificate of occupancy is obtained from the appropriate officials, so long as the Housing Development remains subject to income and rent restriction pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

Section 10. 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 11. INCONSISTENT ORDINANCES *not in Ord 237 but required in state template*

All ordinances or parts of ordinances inconsistent or in conflict with the provisions of this Ordinance are repealed to the extent of such inconsistency or conflict.

Section 12. EFFECTIVE DATE

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

First Reading: February 18, 2019

Second Reading: March 04, 2019

The foregoing Ordinance was offered by Council Member Kile and supported by Council Member Smith.

Roll Call Vote:

Ayes: Caffrey, Crawford, Darlington, Kile, Smith

Nays: Bodnar, Gardner, Winarski

Absent: None

This Ordinance adopted this 4th day of March, 2019.

Darlene Jungman, Mayor

Kimberly Bruner, City Clerk

Discussion on the Resolution presented to Council to allow remote council meeting participation. It was decided there are further changes needed so it will be tabled.

New Business:

First reading of Planning Commission recommendation to change Article VI of the Zoning Ordinance.

Motion by Council Member Caffrey, seconded by Council Member Smith to approve the purchase order for PVS Technologies, Inc for ferric chloride to be paid out of 590-536-726-000 in the amount of \$4,950.00. All ayes. Motion carried.

Comments:

Mayor Jungman read a letter from Kelly Hon in regards to The City of Gladwin was chosen for the 2019 Michigan Rural Water Association (MRWA) Exemplary Efforts in Environmental Protection Award. She would like to welcome Thom Huber, the interim Chief of Police and stated that the City will be doing in house posting for the position and if there is no interest for the position then it will be advertised. She read the letter from the Department of Treasury and congratulated Assessor Weaver on her accomplishment. March 6th will be Chief Bean's last day and with the proclamation given to him March 6th will be Duane Bean day!

Motion by Council Member Caffrey, seconded by Council Member Smith to approve the hiring of interim Thom Huber at \$25.50 per hour and 20 hours a week. 7 ayes, 1 nay. Motion passed.

Council Member Kile would like to thank Heather Arnold for all the information she provided in regards to the pilot, congratulations to Bernie and welcome Thom Huber.

Council Member Caffrey – Congratulations to Bernie on her AMAR perfect score and welcome to everyone from the Leadership class to the Council meeting.

Council Member Smith – Welcome Thom Huber and congratulations to Bernie.

Council Member Gardner - Welcome Thom Huber and congratulations to Bernie.

Council Member Crawford - Welcome Thom Huber and congratulations to Bernie.

Council Member Darlington - Welcome Thom Huber and congratulations to Bernie.

Attorney Jacobson discussed the different housing issues.

Assessor Weaver stated they will be discussing the Master Plan and meeting with the Steering Committee. She is getting ready for Board of Review next week.

Administrator Shannon went over his update and encouraged everyone to look at the update going on here at City Hall and what a nice job that is being done by J&B Construction.

Motion by Council Member Darlington, seconded by Council Member Caffrey to adjourn. All ayes. Motion carried.

Meeting adjourned at 6:01 p.m.

Darlene Jungman, Mayor

Kimberly Bruner, City Clerk