

CITY OF REED CITY
REGULAR COUNCIL PROCEEDINGS
September 9, 2024

Mayor Meinert called the meeting to order at 6:00 P.M. in Council Chambers, 227 E. Lincoln Avenue, Reed City, Michigan.

Present Mayor, Roger Meinert. Council Members: Trevor Guiles, Russell Nehmer, Nicole Woodside, Dan Burchett, and Brad Nixon. David Belden was absent. The City Attorney, Michael Figiomeni was also in attendance. Department Heads attending were Kadee Kidd, Rich Rehkopf, Jeffery Stein, Chris Lockhart and Curt Brackenrich. The meeting was opened with the pledge to the flag. There were citizens in the audience.

Public Hearing Mayor Meinert opened the Public Hearing at 6:01 P.M. to receive public comment on the 004-2024 Ordinance payment in lieu for Crossroads Apartments.

There were no public comments, and no written comments received.

The Public Hearing was closed at 6:02 P.M

Agenda Motion by Guiles, seconded by Nehmer, **CARRIED**, to approve the agenda as presented with the addition under audience presentation Charles Lupo, Sesquicentennial. Affirmed by voice vote.

Minutes Motion by Guiles, seconded by Woodside, **CARRIED**, to accept the minutes of the August 12, 2024, regular meeting as presented. Affirmed by voice vote.

Minutes Motion by Burchett, seconded by Nixon, **CARRIED**, to accept the minutes of the August 26, 2024, special meeting as presented. Affirmed by voice vote.

Bills Motion by Nixon, seconded by Burchett, **CARRIED**, to approve paying total amount of \$1,716,421.04 as presented. Roll call vote. Voting yes were Woodside, Burchett, Meinert, Guiles, Nixon, and Nehmer.

Presentation Charles Lupo, President of the Sesquicentennial Committee came to update City Council on the Sesquicentennial Festival. The grant committee submitted a grant to OCCF grant. They are working on a logo, schedule and sponsor donations. They are having a Meeting at the Fire Department on September 17, 2024, at 6:00pm and would like to invite all to come. Council thanked all members of the committee for their hard work.

Reports Fire Chief Jeffery Stein, Police Chief Christopher Lockhart, Rich Rehkopf, DPW, and Curt Brackenrich, WWTP, filed written reports. Kadee Kidd provided by email Financial Reports including a Revenue/Expenditure Report as of June 30, 2024. Motion by Woodside, seconded by Nehmer, **CARRIED**, to approve the Department Head reports as submitted. Affirmed by voice vote.

Ord 004-2024 Motion by Guiles, seconded by Woodside, **CARRIED**, to adopt Ordinance 004-2024 City Tax Exemption Ordinance – Crossroads Apartments as presented. Roll call vote. Voting yes were, Meinert, Guiles, Woodside, Nehmer, and Burchett. Voting no was Nixon.

ORDINANCE NO 04-2024

CITY TAX EXEMPTION ORDINANCE - CROSSROADS APARTMENTS

An Ordinance to provide for a service charge in lieu of taxes for a housing project for low-income persons and families to be financed with a Federally-Aided or Authority-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").

This ordinance amends Chapter 1450, Sections 1450.01 through 1450.09.

THE CITY REED CITY ORDAINS:

1450.01. This Ordinance shall be known and cited as the "Reed City Tax Exemption Ordinance- Crossroads Apartments."

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1450.02. 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 low-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 for persons and families of low income 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 the "sponsor", (as defined below) has offered, subject to receipt of a Federally or Authority-aided Mortgage Loan and an allocation under the LIHTC Program from the Michigan State Housing Development Authority, to construct or acquire and own, rehabilitate and operate a housing project identified as Crossroads Apartments on certain property located at 848 Chestnut in the City to serve low income persons and families, and that the Sponsor has offered to pay the City on account of this housing project an annual service charge for public services in lieu of all *ad valorem* property taxes.

1450.03. Definitions. All terms shall be defined as set forth in the Act, except as follows:

- A. Annual Shelter Rent means the total collections during an agreed annual period from or paid on behalf of all occupants of a housing project representing rent or occupancy charges, exclusive of Utilities.
- B. Authority means the Michigan State Housing Development Authority.
- C. 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.
- D. Low Income Persons and Families means persons and families eligible to move into a housing project.
- E. 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.
- F. Sponsor means GDC-CR Limited Dividend Housing Association, LLC, and any entity that receives or assumes a Mortgage Loan.
- H. Utilities means charges for gas, electric, water, sanitary sewer and other utilities furnished to the occupants that are paid by the housing project.

1450.04. Class of Housing Projects

It is determined that the class of housing projects to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be housing projects for Low Income Persons and Families that are financed with a Mortgage Loan. It is further determined that Crossroads Apartments is of this class.

1450.05. Establishment of Annual Service Charge.

The housing project identified as Crossroads Apartments and the property on which it is located 848 S Chestnut, Reed City, Michigan, shall be exempt from all *ad valorem* property taxes from and after the commencement of construction or rehabilitation. The City acknowledges that the Sponsor and the Authority have established the economic feasibility of the housing project in reliance upon the enactment and continuing effect of this Ordinance, and the qualification of the housing project 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 to rehabilitate and operate the housing project, 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 6.0% of the Annual Shelter Rents and utilities of the housing project during each operating year.

1450.06. Contractual Effect of Ordinance.

Notwithstanding the provisions of section 15a (7) of the Act to the contrary, a contract between the City and the Sponsor with the Authority as 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.

1450.07. Limitation on the Payment of Annual Service Charge

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the housing project that 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 project if the housing project were not tax exempt.

1450.08. 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 are payable to the City and distributed to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. The annual payment for each operating year shall be paid on or before August 31st of each year based on the actual rent and utilities collected through December 31st of the preceding year. Collection procedures shall be in accordance with the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL 211.1, *et seq*).

1450.09. Duration.

This Ordinance shall remain in effect and shall not terminate so long as a Mortgage Loan remains outstanding and unpaid and the housing project remains subject to income and rent restrictions under the LIHTC Program; and provided that construction or rehabilitation of the housing project begins within two years from the effective date of this Ordinance, unless extended by a resolution of the City Council. This Ordinance is limited to a period of 40 years from date of council approval.

1450.10. Severability.

The various sections and provisions of this Ordinance shall be deemed to be severable, and 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 this 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.

1450.11. Inconsistent Ordinances.

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.

1450.12. Effective Date.

This Ordinance shall become effective 30 days after publication.

This ordinance was introduced on August 12, 2024, at a regular meeting of the Reed City Council by Councilperson Trevor Guiles.

This ordinance was adopted by the City of Reed City, at a regular meeting of the Reed City Council, on September 9, 2024, upon motion by Councilperson Trevor Guiles, Seconded by Councilperson Nicole Woodside and approved on a vote of 5 yeas and 1 nays.

Those voting yea Dan Burchett, Russ Nehmer, Nicole Woodside, Trevor Guiles, and Roger Meinert.

Those voting nay Brad Nixon.

Amye Hensel
City Clerk

DDA Discussion on DDA map and forming a DDA discussion, Bob Toland wasn't in attendance. Motion by Guiles, seconded by Burchett, **CARRIED**, to table until last to see if Bob Toland get to meeting. Affirmed voice vote.

Change order Motion by Guiles, seconded by Woodside, **CARRIED**, to approve change order 855450-3 #2 DWSRF 23' Gerber Construction as presented with City Manager to sign. Voting yes were Meinert, Guiles, Burchett, Nixon, Nehmer, and Woodside.

- Halloween Hrs. Motion by Burchett, seconded by Nehmer, **CARRIED**, to approve Halloween Trick or Treat hours as October 31, 2024, from 5-7 as presented and to bring back a resolution to have it this October 31st from 5-7 every year. Voting yes were Woodside, Meinert, Nehmer, Guiles, and Nehmer.
- WWTP Tractor Motion by Guiles, seconded by Nixon, **CARRIED**, to award the WWPT 2001 John Deere Tractor to Michael Battle as high bidder for \$10,100.00. Voting yes were Nixon, Meinert, Guiles, Burchett, Nehmer, and Woodside.
- Homecoming Motion by Woodside, seconded by Guiles, **CARRIED**, to approve the Reed City High School Homecoming fireworks on 10-11-2024 as presented. Voting yes were Nixon, Meinert, Guiles, Burchett, Nehmer, and Woodside.
- Grant Motion by Guiles, seconded by Burchett, **CARRIED**, to approve applying for the Michigan Arts and Culture Council Grant allow Mayor and or City Manager to sign. Affirmed voice vote.
- Christmas Tree Motion by Burchett seconded by Woodside, **CARRIED**, to approve purchasing a 26-foot panel Christmas Tree from Holiday Outdoor for \$24,402.50 with funds from the Florence Diak Estate. Voting yes were Nixon, Meinert, Guiles, Burchett, Nehmer, and Woodside.
- Consent Agenda Motion by Woodside, seconded by Burchett, **CARRIED**, to approve consent agenda as presented. Affirmed by voice vote.
- City Manager Rich Saladin submitted a written report.
Introduced Amanda Grant as our new hire to take over the City Clerk. Welcome to the team.
Rich applied for local grants for music in the park and the Sesquicentennial celebration.
Alanna McBee resigned at Chamber of Commerce and Sally Darling is acting as both President and Director.
- Mayor Report Russ Nehmer has bills next month.
- Attorney Report Nothing.
- DDA Bob Toland was in attendance at this time, so Council discussed the DDA map and asked questions.
Motion by Guiles, seconded by Nehmer, **CARRIED** to move forward with the area as presented and amended with the changes to the three areas DDA map. Affirmed voice vote.
- Council Dan Burchett: Disc Golf Tournament on October 12, 2024.
Trevor Guiles: Will not be at the October Meeting. Thank you to Russ Nehmer and Best wishes.
- Audience None.
- Adjourn Mayor Meinert adjourned the meeting at 7:31 PM.

Amye Hensel, City Clerk