

REGULAR MEETING MINUTES  
OWOSSO DDA / MAIN STREET  
Council Chambers, City Hall January  
7, 2014 – 7:30 am.

MEETING CALLED TO ORDER at 7:36 a.m. by Dave Acton.

ROLL CALL was taken by Secretary Alaina Kraus.

MEMBERS PRESENT: Chairman Dave Acton, Authority Members Benjamin Frederick, Bill Gilbert, Dawn Gonyou (7:38), Lance Omer, Ken Cushman, Treasurer James Demis and Secretary Alaina Kraus

MEMBERS ABSENT: Authority Member Meredith Landino

OTHERS PRESENT: Josh Adams, DDA /Owosso Main Street Manager; Susan Montenegro, Assistant City Manager; Kevin Wiles, prospective Board member; Bill Brown, City Attorney; Don Crawford, City Manager; Helen Granger, press; Ken Beall, Loomis Law Firm.

AGENDA:

MOTION BY AUTHORITY MEMBER GILBERT SUPPORTED BY AUTHORITY MEMBER CUSHMAN TO APPROVE THE AGENDA FOR JANUARY 7, 2015, WITH MOVEMENT OF WESENER BUSINESS TO THE TOP OF ITEMS OF BUSINESS.

YEAS ALL. MOTION CARRIED.

MINUTES:

MOTION BY AUTHORITY MEMBER CUSHMAN, SUPPORTED BY AUTHORITY MEMBER FREDERICK TO APPROVE THE MINUTES FOR THE MEETING OF DECEMBER 3, 2014. YEAS ALL. MOTION CARRIED.

PUBLIC / BOARD / STAFF COMMENTS: None

COMMITTEE UPDATES

1) Design - Bill Gilbert

The meeting was held with feedback from the review from MS in mind. Drinking glasses, flower baskets, and wayfinding are progressing. First signs should be up in Spring.

2) Economic Restructuring - Lance Omer

The committee is making some changes and reevaluating when to cover the market study.

3) Organization - Josh Adams

Alaina Kraus has stepped up as interim chair.

4) Promotion - Josh Adams

They are ready to come back to one committee with a chair. Robert Durant with the historic committee has offered to be a part of the Art Walk. Evening shopping is continuing known as Second Fridays. Morning business and promo have moved to evening.

## ITEMS OF BUSINESS:

Dave Acton stepped out for discussion of the Wesener Building

### 3. WESENER MORTGAGE SUBORDINATION

Over the last five years attempts have been made to secure financing for the approx. 2.5 million project. Through Bazzani and the Bank of Holland they were able to make some progress. The last question from Bank of Holland asked if the Brownfield Tax, which is approx. 1 million, is taxable. Plante Moran said that this was so, which would be approximately \$400,000. Since this amount would cause the project to fail, the concept of having the funds come to the DDA and therefore be un-taxed. Research into the legality of this process was previously approved by the board.

Demis expressed concern for what will come to the building if this money does not come through.

Bill Brown as seen a similar thing down in Owosso Township, but needs review time before being able to make any official comment on this agreement.

According to Demis, the Brownfield Tax Credits are the same as a grant so the risk of income tax is borne by the private citizen, not the DDA.

Ken Beall of Loomis Law Firm presented a flow chart of the loan structure and flow of funds. This includes the creation of Wesener SPE, LLC as a legal entity to hold the money. He has done several similar transactions in the past including one with the Bank of Holland. The expectations of the DDA are to turn in the paperwork that the work is completed and that the DDA use the money in some other way than agreed. Those are the only points where any liability comes into play for the DDA in the course of this agreement. The Bank of Holland would handle the servicing of this agreement and provide bridge funds to the project to cover expenses while waiting for the tax credits to come in. There is no payment liability to the DDA.

The current timeline from the Bank of Holland to close is to have all of the pieces in place by the end of January 2015. They are requiring an interest reserve

A project of this size is usually of about a year. The maximum to see this completed including paperwork would be a year and a half, but should be closer to a year. Prep for construction has already begun.

Crawford asked if there would be any liability to the DDA if the project went bankrupt and Biel said no. Gonyou asked who would provide the paperwork for the loan and this would be done by either the Bank of Holland or Loomis Law Firm. Adams said any paperwork would be sent through the City Attorney as it came in. Legal fees would be borne by the investor, though legal fees for review from the city attorney would come from the DDA budget.

Gilbert pointed out that the DDA lent \$50,000 for the close of the building after the fire, which would be repaid if the project is completed.

MOTION BY AUTHORITY MEMBER FREDERICK, SUPPORTED BY AUTHORITY MEMBER OMER TO HOLD A MEETING BEFORE JANUARY 31, 2015, BUT AFTER THE CITY ATTORNEY HAS HAD AN OPPORTUNITY TO REVIEW THE DOCUMENTS TO DISCUSS AND MAKE A DECISION ON THE MATTER.

YEAS ALL. MOTION CARRIED.

#### 4. WESENER DONATION AGREEMENT (JIM DEMIS)

This will be covered at the special meeting as well.

Dave Acton returned to the meeting.

#### 1. CHECK REGISTER APPROVAL.

There might be a small increase from catching up with GLOBAL receipts. SEE BOARD PACKET FOR CHECK REGISTER

MOTION BY AUTHORITY MEMBER GILBERT, SUPPORTED BY AUTHORITY MEMBER OMER TO APPROVE THE CHECK REGISTER FOR DECEMBER 2014 AS PRESENTED. YEAS ALL. MOTION CARRIED.

#### 2. BUDGET REPORT.

The large unpaid amount to the city is from the sidewalk work and is being held until the TIFF capture comes in.

#### 5. MMS REMEDIATION AGREEMENT

To reach the master level of Main Street we have been asked for comprehensive work plans and more board involvement. They would like to see the goals from the board retreat better executed in the development and reporting of work plans. There will be another review in 6 months. Once at master level accreditation happens every two years.

MOTION BY AUTHORITY MEMBER KRAUS, SUPPORTED BY AUTHORITY MEMBER GILBERT TO ACCEPT REMEDIATION AND MOVE TOWARDS MASTER LEVEL. YEAS ALL. MOTION CARRIED.

#### 6. MMS 2015 APPLICATION BASED SERVICES (JOSH ADAMS)

The retail merchandising services have been rescheduled for February. Adams is looking at applying for Customer Service training and workshop as well as the Main Street Branding service, a Communications plan consultant, and fund development.

MOTION BY AUTHORITY MEMBER GILBERT, SUPPORTED BY AUTHORITY MEMBER GONYOU TO APPLY FOR THE FOUR SERVICES LISTED ABOVE. YEAS ALL. MOTION CARRIED.

#### 7. YEARLY AUDIT REVIEW (JIM DEMIS)

Demis found 15 major issues in the audit which he has addressed, but it is the second year issues have been found. The contract was for three years. With the farmer's market no longer included, he recommended that the cost be further negotiated down.

The audit has been submitted to the state.

MOTION BY AUTHORITY MEMBER DEMIS, SUPPORTED BY AUTHORITY MEMBER GILBERT TO ACCEPT THE REPORT AS PRESENTED.  
YEAS ALL. MOTION CARRIED.

Demis suggested that next year the audit be sent through Demis' firm at no cost to be certain any issues are found and resolved.

#### 8. JIM DEMIS BOARD MEMBER RESIGNATION

Due to increased work load, Demis is resigning from the board effective January 31, 2015.

#### 9. NEW TREASURER APPOINTMENT

The new treasurer would be inheriting a streamlined process with built-in support.

#### 10. NEW BOARD MEMBER; MR. KEVIN WILES

Kevin Wiles of It's A Deli Thing has expressed an interest and been accepted by City Council. He will be sworn in before Feb 1, 2015.

#### 11. BOARD RETREAT REMINDER

The board retreat will be held tomorrow, January 8, 2015, starting at 5 pm and expected to go until 7 pm at The Gould House. Pizza will be provided.

#### PUBLIC / BOARD / STAFF COMMENTS:

Gilbert emphasized that this special meeting needs to happen next week. Kraus suggested setting the date at the board retreat.

MOTION MADE BY GILBERT, SUPPORTED BY AUTHORITY MEMBER CUSHMAN TO ADJOURN AT 8:53 AM.  
YEAS ALL. MOTION CARRIED.

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Alaina Kraus, Secretary