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BOYNE CITY LOCAL DEVELOPMENT FINANCE AUTHORITY

Monday, January 11, 2016 -following the EDC meeting at City Commission Chambers
319 N. Lake St. , Boyne City, MI 49712

1. **CALL MEETING TO ORDER**
2. **ROLL CALL**
Excused Absences
3. **READING AND APPROVAL OF MINUTES**
Approval of the November 9, 2015 meeting minutes
4. **HEARING CITIZENS PRESENT (ON NON-AGENDA ITEMS)**
5. **CORRESPONDENCE**
6. **REPORTS OF OFFICERS, BOARDS, AND STANDING COMMITTEES**
7. **UNFINISHED BUSINESS**
 - a. Storm Water Project Update
 - b. Other
8. **NEW BUSINESS**
 - a. LDFA Plan Update
 - b. Budget Ideas
 - c. Chamber of Commerce Ad Discussion
 - d. Other
9. **GOOD OF THE ORDER**
10. **ANNOUNCEMENTS**
 - Community Goal Setting Session, Thursday, January 14, 2016 at 6:00 pm at the St. Matthew's Parish Hall
 - The next regular meeting is scheduled for March 7, 2016
11. **ADJOURNMENT**

Individuals with disabilities requiring auxiliary aids or services in order to participate in municipal meetings may contact Boyne City Hall for assistance:

Cindy Grice, City Clerk/Treasurer, 319 North Lake Street, Boyne City, Michigan 49712. (231) 582-0334



Approved: _____

**MEETING OF
November 9, 2015**

**MINUTES OF THE BOYNE CITY LOCAL DEVELOPMENT FINANCE
AUTHORITY MEETING DULY CALLED AND HELD ON MONDAY, NOVEMBER
9, 2015**

CALL TO ORDER

Chair Gillett called the meeting to order at 12:25 p.m.

ROLL CALL

Present: Kelly Bellant, Michael Cain, Michelle Cortright, Todd Fewins and Ralph Gillett

Absent: Josette Lory, Pete Friedrich and Pat Anzell

**MEETING
ATTENDANCE**

Staff: Recording Secretary Lisa Schrock

Public: Six

**APPROVAL OF
MINUTES
MOTION**

Bellant moved Cortright seconded, PASSED UNANIMOUSLY to approve the September 14, 2015 minutes as presented.

**HEARING CITIZENS
PRESENT**

None

**REPORTS OF
OFFICERS, BOARDS &
STANDING
COMMITTEES**

Robotics Team Check Presentation/Update:

The Boyne City High School Robotics Coach, Karen Jarema and four students, Elizabeth Mansfield, Olivia Vargo, Austin Jarema and Sarah Holland spoke about the program, past competitions and the robot they built. Chair Gillett presented the team with a \$1,000 check and Cain told the team they would be eligible to receive an additional \$500 if they qualify for states.

UNFINISHED BUSINESS

Storm Water Project Update:

Cain said the project is complete and on budget.

NEW BUSINESS

2016 Meeting Calendar

Grom moved, Fewins seconded, PASSED UNAMINOUSLY to approve the 2016 Meeting Calendar as presented at City Hall immediately following the EDC meeting.

Joint Board and Commission Meeting

Cain anticipates holding the joint meeting in December.

Community Goal Setting Session

Cain anticipates the session to be on January 14, 2016 at St. Matthew's Parrish Hall at 6 p.m. There was discussion about how to bring in prospective businesses into the business park, affordable housing and daycare options during second shift.

NEXT MEETING

The next meeting of the Local Development Finance Authority is scheduled for Monday, January 11, 2016.

ADJOURNMENT

The November 9, 2015 Local Development Finance Authority meeting was adjourned at 1:10 p.m.

Pete Friedrich, LDFA Secretary

Lisa Schrock, Recording Secretary

DRAFT



Client:	Boyne City	Date:	1/8/2016
Project No.:	140078	Project Manager:	LMF
Project Name:	L DFA Drainage Improvement Project	Lead Designer:	KM
Project Phase:	Construction	Director:	LMF
Client Approved Revised Completion Date:		Project Start Date:	May 2014
Client Project No.:		Project Completion Date:	12/2014
Client Sponsor:	LMF	Period Covered:	12/7 To 1/8/2016

THE WORK ACCOMPLISHED IN THE DEFINED PERIOD CONSISTED OF: A final contract change order and final pay application package was prepared and submitted to the City for approval.

THE ANTICIPATED WORK ELEMENTS IN THE NEXT PERIOD: Begin preparation of Record Drawings.

SCOPE CHANGES MADE DURING DEFINED PERIOD: None current.

BUDGET STATUS (% COMPLETE): The construction phase budget is billing is on a T&M basis. The original total estimated engineering budget was \$42,600. It appears that we should be able to wrap up the remaining work (record drawings) at approximately \$36,600, or approximately \$6,000 (or 14%) under budget.

SCHEDULE STATUS: Revised for 2015 construction

Task	Milestone Date	Status
Kickoff Meeting	6/2/2014	Completed
35% Review	7/23/2014	Completed 8/5
95% QA/QC Submittal	5/19/2015	Completed
Final Design, Permit Applications submitted	June 5	Completed
Advertise for Bids	June 5	Completed
Open Bids	July 8	Completed
Award	July 13	Completed
Construction	8/3 to 9/25	Completed
Record Drawings	4/1/16	On going

INPUT NEEDED FROM CLIENT: Approval of the final change order and payment package (if not already done).

CLIENT INPUT, DECISIONS AND DIRECTIVES: None current.

REALIZED OR ANTICIPATED CONCERNS: None current.

VALUE ADDED: Total construction fee summary:

Original Construction Estimate: \$400,000
 Construction as bid amount: \$327,322 (18% under estimate)
 Final Construction Amount with Change Orders and Extra Work: \$336,049 (2.7% over bid amount)
 Original Construction Engineering Budget: \$42,600
 Estimated Final Construction Engineering Cost: \$36,600 (14% under estimate)

Cc Michael Cain, Andy Kovolski, KM, ALP, KEB



Otwell Mawby, P.C.
Consulting Engineers

December 9, 2015

Michael Cain, City Manager
City of Boyne City
319 N. Lake Street
Boyne City, Michigan 49712

Dear Michael:

The City of Boyne City has a Development Plan and Tax Increment Financing Plan (“the Development and TIF Plan”) for the City Local Development Financing Authority (“the LDFA”) that was approved in 1997 for a period of 20 years, to 2017. As I understand, the public facilities proposed under the Development Plan have been completed and the obligations for those public facilities have been met through tax capture and reimbursement under the Tax Increment Financing Plan. There is an interest in potentially expanding the District boundaries, providing for additional public facilities, and extending the time period for tax capture.

The following summary includes: Background, Legislative Analysis, and the Amendment Process.

BACKGROUND

The City of Boyne City Commission established the Local Development Financing Authority by resolution approved on November 12, 1996 under the auspices of Act 281, PA 1986 (“the Act”). The resolution established that the Authority District as all properties in a Planned Industrial District (PID), General Commercial/Industrial District (GC/I), and Industrial District I.

The LDFA developed and approved a resolution to adopt the Development and TIF Plan on April 8, 1997 and the City Commission approved a resolution to adopt the Development and TIF Plan on April 29, 1997. The duration of the Plan was established as 20 years, with the ending date of April 29, 2017.

The LDFA was charged with the duty of improving the economic environment of the Authority District under the parameters of the Act. The LDFA serves as the principle instrument in acquiring and developing land to expand the Boyne City Air Industrial Park.

The Development and TIF Plan included a Development Area Boundary Map (attached) which includes the Boyne City Air Industrial Park.

The Development and TIF Plan also included a list of projects, separated into immediate, short-term, long-term, and on-going. The Development and TIF Plan included a total cost of \$1,956,500, but the total of Table 1, List of Projects and Cost, which is attached, was actually \$2,318,650.

LEGISLATIVE ANALYSIS

Act 281, PA 1986, as amended, was passed by the Michigan Legislature to “encourage local development to prevent conditions of unemployment and promote economic growth through tax

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increment financing of public facilities in specified areas of the community. There are three primary questions regarding the Boyne City LDFA Development and TIF Plan:

Can the LDFA Development and Tax Increment Plan be amended?

The LDFA Act includes a number of references that allow for an amendment to the TIF Plan, including:

Section 17(2) Except as provided in this subsection, amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection following the same notice and public hearing provisions that are necessary for approval or rejection of the original plan. Notice and hearing shall not be necessary for revisions in the estimates of captured assessed value and tax increment revenues.

Are there limits to the timeframe in which an LDFA can capture taxes?

The LDFA Act does not address the maximum timeframe for an initial TIF Plan or an amendment to the TIF Plan. The only reference to timeframe is the amount of time for 50% State capture for 15 years, renewable for up to 5 years in order to fund or repay an advance or obligation for public facilities only for certified technology parks, business parks, and alternative energy parks, which is not applicable for the Boyne City LDFA District. (Section 1(jj)(ii)(B))

How is the initial taxable value set with a time extension to the LDFA TIF Plan?

The definition of initial taxable value does not address the value at the time of extension.

Section 1(w) "Initial assessed value" means the assessed value of the eligible property identified in the tax increment financing plan... at the time the resolution establishing the tax increment financing plan is approved as shown by the most recent assessment roll for which equalization has been completed at the time the resolution is adopted...

There appears to be two options: 1) leave the initial taxable value at the value at the time of the 1997 LDFA TIF Plan approval and capture the tax increment of local taxes or 2) reset the initial taxable value to the value at the time of the TIF Plan amendment and capture subsequent tax increment revenues.

There may be a need for a legal opinion from the City Attorney prior to the TIF Plan amendment to address the initial taxable value.

DEVELOPMENT AND TIF PLAN AMENDMENT PROCESS

The Act requires that changes to the boundaries of the LDFA District require notice to taxing jurisdiction and a public hearing; while revisions in the estimates of captured assessed value and tax increment revenues do not require notice and hearing.

Section 4(5) The governing body may alter or amend the boundaries of an authority district to include or exclude lands from that authority district or create new authority districts pursuant to the same requirements prescribed for adopting the resolution creating the authority.

Section 17(2)... Notice and hearing shall not be necessary for revisions in the estimates of captured assessed value and tax increment revenues. (*See above*)

While not explicitly addressed, the Act appears to require notice and public hearing to amending the Development Plan to add public facilities and cost.

Sec. 16. (1) Before adoption of a resolution approving or amending a development plan or approving or amending a tax increment financing plan, the governing body shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall not be less than 20 days before the date set for the hearing. Beginning June 1, 2005, the notice of hearing within the time frame described in this subsection shall be mailed by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the development plan or the tax increment financing plan is approved or amended.

As a result, it appears that the Development and TIF Plan amendment process will be the same process as establishing the LDFA as well as approval of the original Development and TIF Plan, which includes notification and a public hearing.

The following are the steps to amend the Development and TIF Plan:

1. Identify the need, opportunity, improvements, and financing for the extension of the LDFA Development and TIF Plan;
2. Agree to pursue TIF Plan amendment;
3. Develop draft outline for Development and TIF Plan amendment;
4. LDFA reviews, revises, and adopts a resolution to approve Development and TIF Plan amendment;
5. The Boyne City Commission receives the Development and TIF Plan amendment and set the public hearing;
6. Notice are sent to the newspaper, property taxpayers of record within the LDFA District and local taxing jurisdictions by certified mail at least 20 days prior to the public hearing.
7. The City Commission holds the public hearing.
8. The City Commission considers the resolution adopting the Development and TIF Plan amendment

I hope this provides an adequate summary of the initial considerations to extend the City of Boyne City LDFA Development and TIF Plan.

Please contact me if you have questions or would like additional information.

Sincerely,

OTWELL MAWBY, P.C.



Mac McClelland
Manager – Brownfield Redevelopment

TABLE 1
LIST OF PROJECTS AND COST
CITY OF BOYNE CITY LOCAL DEVELOPMENT FINANCE AUTHORITY

IMMEDIATE		1997-1999
I.	CITY REIMBURSEMENT FOR LDFA CREATION COSTS	\$22,500
II.	LAND ACQUISITION	\$200,000
III.	INFRASTRUCTURE IN EXPANSION AREA	\$625,000
IV.	WATER, SEWER, AND ROAD EXTENSION TO LEXAMAR PROPERTY	\$151,000
V.	FIBEROPTICS, GAS AND ELECTRIC SERVICE	<u>\$100,000</u>
SUBTOTAL		\$1,098,500
SHORT TERM		2000-2010
I.	FUNCTIONAL IMPROVEMENTS	
	Street Lighting	\$24,000
II.	PROMOTIONAL IMPROVEMENTS	
	Directional Signage at Industrial Park Entrance	\$8,500
III.	AESTHETIC IMPROVEMENTS	
	Land Donation to Conservancy	\$0
IV.	SPECULATIVE BUILDING PROGRAM	<u>\$750,000</u>
SUBTOTAL		\$782,500
LONG TERM		2011-2016
I.	RECREATIONAL IMPROVEMENTS	
	Nature Trail	\$20,000
II.	AESTHETIC IMPROVEMENTS	
	Natural screenage along roadways	\$10,000
	Landscape at entrance	\$12,000
SUBTOTAL		\$42,000
ON GOING		1997-2016
I.	ADMINISTRATION	\$100,000
II.	PROFESSIONAL SERVICES	\$100,000
III.	CONTINGENCIES	<u>\$195,650</u>
SUBTOTAL		\$395,650
TOTAL		\$2,318,650 *

**Original Plan miscalculated total at \$1,956,500*

LOCAL DEVELOPMENT FINANCE AUTHORITY

**Fund Code: 251
REVENUES**

See page 61 on 12 Yr History

Code	Account Title	Prior year FYE 2014	Current Year FYE 2015		Proposed FYE 2016
			Budgeted	Projected	
030	REVENUES				
400	Allocated from Fund Balance		637,161	0	544,582
402	Property Tax Collections	225,698	250,680	213,243	191,418
664	Interest Earnings		0	0	0
TOTAL		225,698	887,841	213,243	736,000

	Prior FYE 2014	Current FYE 2015	Proposed FYE 2016
Fund Balance, Beginning of Year	891,293	994,480	1,076,645
Revenues Over (Under) Expenditures	103,187	82,165	(544,582)
Fund Balance, End of Year	994,480	1,076,645	532,063

The LDFA generates revenue from increases in taxable value within the LDFA District (Air Industrial Park) that occur after the district was established (1996). It levies a millage equal to those that would ordinarily be levied by other taxing authorities within the district; in other words, these other taxing units forego their increased tax collections in order that the LDFA can capture them for improvements within the district. The LDFA currently raises income based upon a levy of 24.2296

LINE ITEM CLARIFICATION - Revenues

Tax Revenues.....\$ **191,418**

Within the LDFA District, the LDFA levies 24.2296 mills on an increase in taxable value since 1996 of \$10,243,461.

LOCAL DEVELOPMENT FINANCE AUTHORITY

**Fund Code: 251
EXPENDITURES**

See page 62 on 12 Yr History

Code	Account Title	Prior year FYE 2014	Current Year FYE 2015		Proposed FYE 2016
			Budgeted	Projected	
040	EXPENDITURES				
726	Administrative	0	500	500	500
750	Administrative Service Fee	30,000	30,000	30,000	30,000
802	Legal Services	0	5,000	1,500	5,000
808	Community Promotion	6,625	7,500	7,500	7,500
818	Contracted Services/Engineering	3,700	130,000	20,000	67,000
819	Professional Services	120	10,000	2,500	10,000
825	Right-of-Way Construction	0	535,600	0	515,000
870	Training/Travel	100	1,500	500	1,500
871	Workforce Training Program	14,282	25,000	16,336	20,000
900	Advertising/Publishing	2,695	4,000	3,000	4,000
970	Transfer Out – S. Park St.	0	0	500	500
971	Capital Outlay – Entrance sign	0	15,000	0	75,000
987	Contracted Services - CDBG	0	75,000	0	0
988	Contracted Services	0	0	0	0
992	CDBG Loan Principal	64,989	48,741	48,742	0
TOTAL		122,511	887,841	131,078	736,000

A. LINE ITEM CLARIFICATION - Expenditures

750 –Administrative Fee..... \$ 30,000

This expenditure covers support staff services provided from departments within the General Fund.

802 - Legal Services..... \$ 5,000

This expenditure covers legal costs associated with the sale of lots in the industrial park.

818 - Contracted Services/Engineering..... \$ 67,000

825 - Contracted Services/Construction..... \$ 515,000

Drainage Project\$500,000

M-75 Sidewalk\$ 15,000

871 – Workforce Training Program \$ 25,000

971 – Capital Outlay..... \$ 15,000

Sign and streetlight improvements

987 Contracted Construction Services.....\$ 75,000

This expenditure covers costs of possible broadband improvements in the Business Park.

990/992– Principal\$ 0

This item is no longer required. The final payments were made in FYE 2015.



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December 21, 2015

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Michael Cain

ACKNOWLEDGED BY

Char Shaltz, Account Manager

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