

CORRECTION IN BOLD

MINUTES OF MEETING OF TAX INCREMENT FINANCE AUTHORITY DECEMBER 8, 2009

The meeting was called to order by Chairman Jungquist at 7:30 a.m. in the Council Chambers of the East Tawas City Hall.

Members Present: Brewer, Elliott (left at 8:17 a.m.), Fountain, Jungquist, Mooney, O'Connor, Ruster, and Council Representative Steve Klenow (arrived at 7:35 a.m.)
Staff Present: City Manager Leslie, Director Pasakarnis and Clerk/Treasurer Baker.
Guests Present: Jim and Janice Porath.

Elliott moved, Mooney seconded, **CARRIED**, to approve the minutes of the November 11, 2009 meeting as presented.

Director Pasakarnis reported that Jim Carlson from PAVE TECH, along with Milt Clouse, Bruce Buchinger, **Ron Leslie**, Jim and Janice Porath, and Matt Esch, inspected the sandLOCK on November 24th. Mr. Carlson took many samples and has since requested a sample of the sand product that was used with the sandLOCK. The report has not yet been received. Director Pasakarnis also reported that Change Order #37 for the reduction in the contract due to the elimination of the crosswalk pavers and the compass rose has not yet been signed. She also reported that she recently received the keys for the irrigation power box and the schematic for the system is not in the box. They will not be able to do the new schematic until the irrigation system is turned back on in the Spring. The as-built drawings will not be available until after the schematic is finished.

Mr. and Mrs. Porath indicated that they sent a letter to R.C. Hendrick requesting a breakdown of Change Order #37 but have not received the breakdown. They indicated that Matt Esch has refused to sign the change order because he has been told that he will not be paid in full at this time due to the sand-lock issue. Director Pasakarnis noted that the issue of the change order is in the hands of the our construction manager and that the proposal to withhold a portion of the final payment to Porath until we find out if the second application of sand-lock is going to work has nothing to do with the change order. Chairman Jungquist indicated to Mr. and Mrs. Porath that the TIFA board cannot resolve this issue but will request that Chip Hendrick work with them to get the answers they need.

Bob Elliott requested to be excused from the meetings from January through April because he will be in Florida. Mooney moved, O'Connor seconded, **CARRIED**, to excuse Bob Elliott from the January, February, March and April meetings due to his absence from the community.

Discussion began concerning future priorities for TIFA once the Streetscape project is completed. Clerk/Treasurer Baker reported that Assessor Sells has indicated that commercial property values have decreased which will mean less tax revenue for TIFA. The City Council is concerned that TIFA will not have enough money to make the bond payments. She noted that it is a bond

requirement that the first tax revenues be put in reserve to make the bond payments. Revenues from the 2009 tax collection will be used to pay the 2010 bond payments so there will definitely not be a shortfall for 2010. The expected decrease in tax revenues for 2010 will still leave more than enough revenue to make the 2011 bond payments.

Elliott left the meeting and indicated the he would like to invite all of the TIFA members and spouses to a get-together at his hunting camp after he returns from Florida.

Chairman Jungquist asked members if they are comfortable with the direction that has been taken to reach out beyond the boundaries of the TIFA district into more of an economic development realm including the Port of Call, Develop Iosco, Inc. and the Pure Michigan Campaign. It was suggested that there be a coordination of marketing efforts by the Chamber of Commerce, Develop Iosco, the Tawas Bay Tourist and Convention Bureau, the East Tawas Business Association and TIFA. In the past the key function of the Authority has been infrastructure improvements.

Diane Brewer indicated that she has reviewed the Cool Cities blueprint and indicated that TIFA could work with the City and the East Tawas Business Association on some of the issues that will not cost money. Some of the issues deal with the establishment of policies to protect the investment in infrastructure that has been made.

Discussion was held concerning the list of goals that was presented last month by Director Pasakarnis. Bond payments, Retention of TIFA Director, curbing on Church Street, and waterfront property purchases were added to the list. Clerk/Treasurer Baker will send out the previous priority list for review. A new list will be developed and sent to members to prioritize by the next meeting. City Manager Leslie and Director Pasakarnis also reported that they are meeting with Kent Kukuk from the MEDC concerning requirements for establishing a Principal Shopping District.

O'Connor moved, Ruster seconded, CARRIED, to enter closed session to discuss strategy in regard to the lawsuit with M.C. Smith Associates because discussion in open session could be financially detrimental to the Authority. Yes: Brewer, Fountain, Jungquist, Mooney, O'Connor and Ruster.

Entered closed session at 8:49 a.m.

Returned to open session at 8:55 a.m.

Director Pasakarnis reported that even though the budget for the Pure Michigan campaign has been drastically cut, the Northeast Michigan campaign has received a commitment of \$50,000. At this time approximately \$40,000 in matching funds have been raised. There would be two in-state campaigns targeting the Grand Rapids-Battle Creek-Kalamazoo area and the Lansing area. Director Pasakarnis has been visiting township meetings to ask for financial support and as a good-will gesture. Some of the townships have made pledges to the Pure Michigan campaign.

Director Pasakarnis reported that the Port of Call study is continuing but it will be a tough sell to get Great Lakes Cruise Ships to include East Tawas in the port visits. She has been working with other Lake Huron and Saginaw Bay ports to try to begin with some day excursions between ports and progress to multi-day excursions. A marketing study needs to be done to see what it will take to

make these excursions financially successful.

Director Pasakarnis indicated that there will be a meeting in January with officials from the Department of Natural Resources concerning the necessary improvements to the State dock.

Discussion was held concerning the proposed parking lot projects. Estimated cost for both lots is approximately \$402,000. Russo Engineering will be at the January meeting. Discussion was held concerning the possibility of establishing a special assessment district to raise funds to complete both parking lots.

Ruster moved, O'Connor seconded, CARRIED, to accept the TIFA Revenue and Expense report, the TIFA financial report and the Construction Fund financial report as presented.

Chairman Jungquist appointed City Manager Leslie and Tim O'Connor to work on the evaluation of Director Pasakarnis.

It was the consensus of the members to wait until April to discuss a request from Bob Elliott to change the regular meeting day from Tuesday to Thursday.

The next meeting will be held on Tuesday, January 12, 2010 at 7:30 a.m.

Meeting adjourned at 9:36 a.m.

Blinda A. Baker
Clerk/Treasurer