

LOCAL DEVELOPMENT FINANCE AUTHORITY  
BOARD MEETING  
February 4, 2004  
MINUTES

A meeting of the Cadillac Local Development Finance Authority Board was called to order by Chair Stalker at 8:05 a.m. on Wednesday, February 4, 2004 in Conference Room One of the Municipal Complex, 200 N. Lake Street, Cadillac, MI.

**ROLL CALL**

BOARD MEMBERS PRESENT: Stalker, Briggs, Liabenow, Tencza  
BOARD MEMBERS ABSENT: Benson, Brovont, Crooks, Frisbie, Petersen  
STAFF: Larry Campbell, City of Cadillac Utilities Director

**There was no quorum in attendance.**

- I. **Approval of the Minutes of May 19, 2003.** Minutes of the May 19, 2003 meeting were reviewed. No action was taken due to lack of a quorum.
- II. **Fiscal 2002/2003 Annual Report.** The report was disseminated and discussed for the Board's information.
- III. **Update regarding the LDFA Bond Status.** Stalker advised that the bond could be completely paid off in March 1, 2005. This would be an early call, which would result in an interest savings of approximately \$25,000. Stalker further discussed future plans for the LDFA from a bonding standpoint and advised that an initial review of the legislation which enabled the LDFA project, indicates that the power plant tax revenue can be captured only for groundwater cleanup projects. Therefore, once this bond is paid, there will be a significant drop in the captured value for the TIF plan. Additionally, since any new project that may be contemplated would not be considered a "pipeline" project prior to Proposal A, the only property tax millage that could be captured would be the City and Wexford County. A legal review to confirm this position will be undertaken. Stalker will also analyze the potential future tax capture to report to the Board. The combination of the loss of capturable SEV and other millage not related to the City and County will greatly limit any future projects.
- IV. **Northernaire Property Update.** The owner of this property has withdrawn his case before the Michigan Tax Tribunal, effectively ending all litigation associated with the legality of the special assessment. The property owner has indicated he has no intention of paying this special assessment, and therefore, under State law the property will tax revert to the County in approximately one year. This property would then be available for development after that time. This is the first time in the history of the LDFA that there is no current or pending litigation associated with the special assessment process.

- V. **LDFA Operations Report.** Utilities Director Larry Campbell gave an overview of the LDFA operations to date. The system continues to operate as designed with contaminate levels dropping in most of the extraction wells. Those that have not witnessed significant drops indicate appropriate capture of contaminants.
- VI. **SVE Closure Investigation and Access Agreement.** No VOCs have been detected at the SVE site for three years. Staff will be submitting a plan to the EPA for closure some time during this coming year. Related to this issue, BorgWarner has requested that the LDFA enter into an access agreement with them for this system, since it is located on their property. Stalker advised the Board that since we are operating under an order through the EPA, this matter needs to be fully investigated prior to agreeing to enter into any type of an agreement. This type of review will require the assistance of outside legal counsel, which will be retained in the near future. The Board was advised that the execution of such an agreement should not be taken lightly since the LDFA does not want to limit any authority it may already have.
- VII. **Wellhead Protection Program.** Utilities Director Larry Campbell updated the Board with regard to the comprehensive Wellhead Protection Program that was being undertaken by the City of Cadillac. Larry explained the purpose of a wellhead protection program, and the potential benefits that the community would receive long term from this type of a comprehensive investigation.
- VIII. **Area Remediation Update.** Stalker updated the Board with regard to the various private remediation efforts that were underway in Cadillac, and the current legal proceedings that are related to these situations. Staff continues to closely monitor these projects on behalf of the LDFA, and it is believed that no action is necessary at this time.
- IX. **Power Plant Assessment.** Stalker advised that the current owners of the power plant have appealed their property taxes and this matter will come before the tax tribunal this year. The repayment of the LDFA debt is not at risk due to the pre-existing development agreement, but certainly a change in assessment will affect future tax revenues for all taxing entities.
- X. **Adjournment.** There being no further business before the Board, the meeting was adjourned at 9:30 a.m.

Respectfully submitted,

Peter Stalker for Steve Frisbie  
Secretary