LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD MEETING
SEPTEMBER 18, 2002
MINUTES

A meeting of the Cadillac Local Development Finance Authority Board was called to order by Chairperson Stalker at 8:30 a.m. on Wednesday, September 18, 2002 Conference Room One of the Municipal Complex, 200 N. Lake Street, Cadillac, MI.

ROLL CALL

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

I. **Approval of the Minutes of December 11, 2001**. It was motioned by Briggs and supported by Carroll that the minutes of the December 11, 2001 meeting be approved as presented. Ayes all.

II. **Special Assessment Renewal/Appeals**. Effective 7/1/2002 a renewed special assessment was approved for a five-year period. This special assessment covers all operating expenses for the LDFA. The overall cost to operate the system declined slightly, by about 3%. However, Mitchell Corporation has opted out of the cleanup by constructing and operating their own system and this results in fewer acres on which to spread the special assessment. Therefore, the per acre cost actually increased from 15 to 20%, depending on the tier of the property. No one appealed the new assessment. Mitchell, Bruce Loper and Ingraham made appeals in 1996. The City was recently upheld in the Ingraham case and the Loper case remains open.

III. **Power Plant Assessment**. The current assessment on the power plant results in a tax capture which is greater than the LDFA bond debt service. However, the SEV of the power plant currently at $17 million is dropping to approximately $13 million. The development agreement for the power plant provides that the plant owner must pay in taxes, (or taxes plus a separate payment) an amount necessary to fully fund the debt service. That figure is approximately $800,000 per year. Stalker reported that SEVs for power plants, and especially wood powered facilities, have dropped statewide as a result of a number of factors including deregulation, personal property tax tables and the price of wood.

IV. **Fiscal 2002/2003 Budget.** Stalker presented the three LDFA budgets for the Board's review and consideration. These budgets are the Operating Fund, Debt Retirement Fund, and Utilities Fund. After extended discussion on several line items, Frisbie motioned and Crooks supported the motion to approve the Fiscal 2002/2003 Budgets as presented.

V. **Operational Update**. Larry Campbell presented the Board with an operational update. Each year the plant cleans 800 million gallons of water. VOCs collected last year totaled 2450 lbs. Campbell highlighted some wells that have high concentrations – e.g. F 6 and CMS 5. Campbell indicated he would be capturing more data in September which will help determine what is affecting these numbers. The plant continues to operate well within the limits established by the appropriate permits.

VI. **SVE Site Closure Plan**. No carbon was exchanged during 2001 or 2002. Larry Campbell will be approaching EPA for closure criteria soon. Board member Crooks stressed that the LDFA needs to be absolutely sure the cleanup is done, prior to closure.

VII. **NPDES Discharge Permit Renewal**. The LDFA permit was renewed effective 3/1/2002 and runs to October 2006. Phosphates will not be monitored and the chromium limits were raised. Current chromium readings are well below allowed limits.

VIII. **Groundwater Plume Update**.

a. **Rexair.** Rexair currently runs its own cleanup facility. The DEQ feels that the Rexair plume has gotten away from the capture zone. At least one of the LDFA extraction wells is in the path of the plume being attributed to Rexair by DEQ. The State of Michigan took Rexair to court to ask for a summary judgment. The court did not support the request, so now a full trial will occur. Stalker feels it could be a long dispute. We currently maintain a dialogue with both Rexair and the State of Michigan.

b. **Mitchell.** Mitchell Corporation is currently in bankruptcy and has opted out of the special assessment. The City was able to work with the bankruptcy court to escrow $132,000 to cover future special assessment costs should the system be closed and it becomes necessary to re-special assess the Mitchell property. This $132,000 is related to the first mortgage that the City placed on the Mitchell building on River Street in return for allowing the former property owned by Mitchell, now owned by Universal Trim, to opt out of the special assessment.

IX. **Adjournment.** There being no further business before the Board, it was motioned by Crooks and supported by Carroll at 9:50 a.m. that the meeting be adjourned.

Respectfully submitted,

Steve Frisbie
Secretary