

CITY OF BURTON
LEGISLATIVE COMMITTEE MEETING MINUTES
MAY 24, 2000, 2:00 P.M., COUNCIL CHAMBERS

MEETING CALLED TO ORDER BY TOM MARTINBIANCO AT 2:00 P.M.

MEMBERS PRESENT: Martinbianco, Centilli

MEMBERS ABSENT: Cross

OTHERS PRESENT: D. Lowthian, Assessor, J. Adams, Clerk's Office

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATIONS
CONCERNING THE FOLLOWING ITEMS:

1. PILOT ORDINANCE FOR MEADOWVIEW GARDENS,
A PROPOSED SENIOR COMMUNITY BY THE LOCKWOOD
GROUP LLC.

PRESENTATION:

Mr. Martinbianco said the Committee met previously in preliminary discussions with Carl Skrzynski, Principal of The Lockwood Group, and an associate of his, in trying to assemble an ordinance compatible with the objectives of MSHDA, Lockwood and the City of Burton. We made a preliminary offer to the Lockwood Group in terms of what our current Pilot Ordinance recommends and are here today to try and find a reasonable means to come to some resolution relative to the Pilot Ordinance and components of such.

Mr. Lowthian said after the last Legislative meeting of May 5th, he drafted a preliminary ordinance, according to the direction he received in the two previous committee meetings. The committee has a copy of that as well as Mr. Skrzynski. There is a typographical error on page 1, the second paragraph of the preamble. The sentence starts out The Association Limited Partnership. The sentence should begin, The City acknowledges that Meadowview Gardens Limited Dividend Housing Association.

Mr. Martinbianco read aloud the preamble in Section 1. He said he would like to state for the record, that Mr. Centilli and I are representatives of the Legislative Committee. Mr. Cross underwent surgery for heart treatment, and knows he would be in concert, and we certainly will miss his objective viewpoints from the Committee standpoint. The Committee finds it appropriate to move on at this point.

Mr. Martinbianco asked Mr. Skrzynski to clarify the definition of moderate income and what it will be like in the future.

Mr. Skrzynski said the percentages of medium income is set by HUD, every County has a medium income that is changed annually by HUD in Washington. Certain percentages of those equate to low to moderate income.

Brief discussion followed regarding utilities and the calendar year.

Mr. Martinbianco said they discussed issues relating to definitions of federally aided mortgages, class of housing developments and how they are defined. Mr. Martinbianco read aloud Section 4, Establishment of Annual Service Charge

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AUDIENCE PARTICIPATION: No audience participation.

Mr. Martinbianco said Mr. Skzrynski spoke of having a problem with a sliding scale. He had an opportunity to speak with Vicky Mills from MSHDA. She said it has been done but expressed reservation in uncertain markets. Mr. Martinbianco inquired regarding the 4% flat fee.

Mr. Skzrynski said he believes 4% is a minimum under the statute that the City can apply. From a sliding standpoint, his concern with regards to financing is if the operating cost of real estate taxes are applied, that the increase is incremental over a certain period of time.

Brief discussion followed regarding underwriting for the loan.

Mr. Martionbianco said in speaking with Ms. Mills from MSHDA, one of their requirements was major exposure on a main thoroughfare due to accessibility and exposure because they want more people to see you have a facility available for rent. It almost assures you end up with high occupancy and they will be sure of getting their money back.

Discussion continued regarding occupancy. Mr. Skzrynski spoke of the success they have had with their projects.

Mr. Martinbianco spoke of concerns regarding the City giving up substantial road frontage that apparently MSHDA wants. He asked Mr. Lowthian, if they make a decision relative to the Pilot, how it would affect other taxing agencies.

Mr. Lowthian said basically each agency that levies millage receives their respective percentage of that total service fee.

Brief discussion followed regarding competition and other facilities.

Mr. Martinbianco read aloud the Pilot Ordinance from Genesee Township, establishment of a service charge. He asked Mr. Lowthian if he applied a commonly used assessing principle to the estimated pilot revenue, if they were all market rent, what would the windfall be to the City.

Mr. Lowthian said we would at that point in time attempt to obtain income and expense statements from the company, assuming they had been in operation for a while. The typical operation of method would be to obtain the income and expense statements for a three year period, stabilize the income and the expenses, and then capitalize the net operating income to arrive at an estimated value.

Discussion followed regarding the Pilot payment, occupancy, number of units and a 5% flat rate.

Mr. Skzrynski said it sounds like we are to a point with regards to a flat situation as opposed to an escalating situation. He does not know how MSHDA will underwrite a provision. If this community is suggesting this is what they will offer, he will graciously accept this and take it to MSHDA and find out what it will ultimately mean. If they suggest he will lose \$400,000- \$500,000 mortgage, we will not be able to proceed.

Mr. Martinbianco said he would not hesitate with a 5% instead of a 4% as opposed to a sliding scale.

Mr. Skzrynski said to accommodate this committee and for a favorable recommendation, he would accept graciously a flat 5% pilot and they will go back and see where we come out in the proposal.

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Mr. Martinbianco spoke regarding the changes of wording in the establishment of the service charge in Section 4, and spoke briefly on Section 5. Mr. Martinbianco addressed the issue of the back portion of the property, and the capabilities for the City to entertain any proposals for that.

Mr. Lowthian spoke on drafting the revisions and forwarding them to Attorney Hamilton for review.

Mr. Martinbianco stated they would like this placed on the City Council agenda for the June 5th Regular Council meeting as the first reading.

COMMITTEE RECOMMENDATIONS AND/OR ACTION:

Moved by Centilli, seconded by Martinbianco to recommend to City Council approval of the Pilot Ordinance for Meadowview Gardens as amended reflecting the 5% annual service charge.
Motion carried, 2-0.

MEETING ADJOURNED AT 2:53 P.M.

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