

**CITY OF FREMONT  
LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)  
MEETING MINUTES**

**Thursday, June 15, 2006  
3:00 – 4:00 PM  
Fremont City Hall  
Council Chambers**

**Welcome and Opening Remarks**

The meeting was called to order at 3:21 PM.

<b>Members Present:</b>	Dan Slate Jean Palmerton Jon Sovinski	Hendon & Slate Coldwell Banker Hi-Lites Graphics, Inc.
<b>Members Absent:</b>	Dr. John Kingsnorth Bing Hanson Stanley Nieboer J.R. Smith	Fremont Public Schools Fremont Public Schools Newaygo County Commissioner District #3 Dura Automotive Systems, Inc.
<b>Staff Advisors Present:</b>	Chris Yonker Michele Ribant	Fremont City Manager Fremont Neighborhood & Economic Development Director

**Approval of LDFA Minutes**

There was no quorum; therefore, the minutes from the June 29, 2005 LDFA meeting were unofficially approved by consensus, without a vote.

**Discussion on the Role of the LDFA**

Chairman Slate indicated that he understood that the LDFA is to oversee the physical improvements that are to be made in the Fremont Industrial Park (FIP) and to help finance those improvements through the use of tax increment financing (TIF), bonds, grants, land sales and other sources. However, he asked whether there would be a more substantial role for the LDFA in the future.

Mr. Yonker summarized several of the rationale used by the City Council when it first created the LDFA in 1992. The LDFA was necessary in order to issue TIF bonds to provide the matching funds (\$855,000) toward the \$1.3 million federal Economic Development Administration (EDA) grant. The LDFA was also involved in the design & the monitoring of construction of the FIP, and its roll continues as the overseer of continuing improvements.

The City Manager also noted that in dealing with private, for-profit companies, investors & developers who are interested in locating in the FIP, it is very important to preserve their confidentiality until such time as they are ready to close on a FIP land purchase and announce their formal plans to the public. The LDFA is a public body and is subject to both the State's Open Meetings Act and the Freedom of Information Act. As such, most all discussions, debate & records of the LDFA Board are available to anyone the requests them; thus violating the confidentiality of the company.

To address the issue of confidentiality, the City Council chose in 1992 to also support the creation of a private, non-profit organization. The Fremont Economic Development Corporation (FEDC) was incorporated & registered as a Michigan non-profit organization to:

- Handle negotiations with parties interested in purchasing & developing FIP parcels for industrial & manufacturing purposes
- Review development proposals and site plans and make recommendations to the City Council on land sales in the FIP
- Prepare & oversee the FIP Restrictive & Protective Covenants that govern the use of the land and the type & quality of development
- Market & promote the FIP to potential industrial & manufacturing firms, both those already based here in the Fremont area that are looking to expand and those who would be new to the area looking to expand or relocate their operations to Fremont
- Act as an economic development sounding board regarding overall community E.D. efforts, business retention & expansion objectives, and tax & other incentives

To ensure a balance of opinions and to create an effective E.D. team, appointees to the FEDC came from several specific backgrounds and organizations:

- Large existing Fremont area manufacturers (Gerber, Dura, Valspar)
- Business finance & commercial lending specialists from area financial institutions (Old Kent- now 5<sup>th</sup>/3<sup>rd</sup> Bank, Old State- now Huntington Bank)
- Utility companies (Consumers Energy, MichCon, City of Fremont)
- Local government & E.D. specialists (City, John Lindale [contractual staff], State MEDC rep.)

As support grew for the creation of a countywide economic development organization, the FEDC deliberately transitioned much of its marketing, promotional and technical assistance efforts to the new organization, now known as the Newaygo County Economic Development Office, Inc. (NCEDO). The City now uses the marketing services of NCEDO, the MEDC, The Right Place, Inc., Best Michigan and the MI E.D. Association (MEDA). The City has also used the services of three brokerage firms, though which the available property in the FIP was listed, advertised & promoted.

Jean Palmerton expressed an interest in marketing the Industrial Park for uses other than traditional industrial or manufacturing. She indicated that since many of the manufacturing jobs are leaving west Michigan, she thought it would make sense to re-evaluate the possible uses for the FIP rather than see a portion of the Park sit vacant.

Chris Yonker stated that the City has continued to work with the above marketing organizations on marketing the FIP. He reiterated the concern with preserving confidentiality in terms of negotiations related to the Park; therefore, while he could not disclose the nature of these conversations, he did say that there has been more interest in the Park within the last 4-5 months than in previous years. The economy of W. Michigan, and the U.S. as a whole, has greatly reduced the number of firms looking to relocate or build new facilities. There is currently a large supply of industrial/manufacturing building space for rent or sale. Until this oversupply corrects itself, and companies feel more secure about making new investments, most new construction will involve the expansion of existing plants and buildings and not the construction of new facilities.

Mr. Yonker stated that current City policy does not support allowing uses in the Park other than those uses the Park was designed for. He explained that the City has invested many dollars to install the necessary and more extensive infrastructure to service manufacturing facilities in the FIP. There would be little return on that investment should the Park be used for low investment, and high service costs commercial, retail, service or residential uses. He indicated it is important that the businesses that occupy the FIP are ones that significantly increase our real & personal property tax base and create good-paying, living-wage jobs. Further, because the FIP was developed using the federal EDA grant, the City must adhere to the grant restrictions and requirements that the land & infrastructure be used to expand only manufacturing or industrial uses.

Similarly, the FIP has a set of recorded Protective & Restrictive Covenants that were developed during the process of platting the FIP development. These Covenants restrict the use of the property to manufacturing purposes, essentially those that are permitted in the City's Industrial Zoning Classification.

Finally, the FIP continues to be a State-Certified Business Park, which carries limitations on non-manufacturing uses in any certified park. The Certification allows the City to use the web-portal property marketing services of the MEDC and the MiSite Network. This is the first place that companies, developers and site selection consultants look for quality, available and confidential property inquiries.

Loss of the MEDC Certification would also eliminate the use of tax increment financing within the LDFA District, which was used to finance bonds for the original FIP development and will be used to pay back bonds for the signage, landscaping & wetland enhancement projects proposed to the LDFA Board. Even if the Certification were retained, the LDFA could not capture tax increments from any non-industrial user of the Park. Therefore, the City's ability to finance additional improvements through TIF bonds would essentially be gone and debt service would need to come from the City's General Fund, which is under immense pressure to meet current demands.

### **Review of the Signage and Landscape Plan for the Fremont Industrial Park (FIP)**

The LDFA was provided with a draft copy of the FIP Improvement Plan, which includes the scope and cost projections for the following:

- Three FIP entryway monument signs with landscaping, lighting & irrigation
- Enhancement of the wetland & stormwater control ponds in Outlot A with the planting of MEDC required wetland woody species of trees, shrubs & grasses.

The LDFA members thought that the FIP entryway monument signs should all be of the same design and that they should not include the display panels for individual business names. The design is to complement the tentative signage designs being discussed by the Downtown Development Authority (DDA) for a Downtown and community-wide wayfinding signage system.

Following discussion, the LDFA made a consensus recommendation to the Fremont City Council to approve the three FIP entry monument signs with landscaping, lighting & irrigation and that the designs include the name of the FIP with no individual business display panels.

In terms of the enhancement of Outlot A, the LDFA made a consensus recommendation to the Fremont City Council to approve the proposed conceptual plan development for Outlot A as depicted in the FIP Improvement Plan drafted by Fleis & VandenBrink and distributed to the Board.

### **Budget & Finance**

Mr. Yonker reviewed the LDFA's use of Tax Increment Financing (TIF) for debt service on past FIP bonds. He indicated that this fiscal year the bonds were paid off, which is an enviable debt position to be in.

Mr. Yonker reviewed the FY 06/07 budget for the LDFA Operating Fund (# 298). He indicated that the City Council may consider funding the FIP proposed improvements using existing City & LDFA reserve funds; however, if the LDFA TIF bonds could be sold along with the planned DDA TIF bonds, then it would make more sense to bond out for the improvements estimated at \$264,460 by the consultants.

A consensus recommendation was made to recommend to the Fremont City Council approval of the FY 06/07 budget for the Fremont LDFA Operating Fund (298).

**Future Meetings**

City staff agreed to provide the LDFA with periodic status reports on the proposed FIP improvement projects beginning in September 2006.

**Adjournment**

Being no further business, the meeting adjourned at 4:37 PM.