

**CITY OF EVART
REGULAR CITY COUNCIL MEETING MINUTES
Tuesday, October 5, 2021 @ 8:00PM
Depot, 200 S. Main Street**

Mayor Chris Emerick led the assembly in the Pledge of Allegiance.

Present (via roll call): Sean Duffy, Mayor Emerick, Matt Hildebrand, Sandra Szeliga

Absent: Dan Elliott

Present (staff): Interim City Manager Richard Lewis, Finance Director/Treasurer Pepper Lockhart, Director of Public Works Dustin Moma, City Clerk Kathy Fiebig

Guests: Mark Sochocki, Robert Eklund, Vanessa Jones, Dr. G. Steven Kalesperis, Robb LaPeen, Roger Elkins

Approval of Agenda

Motion by Mayor Emerick to approve the agenda as presented. Support by Mr. Hildebrand. Motion passed with all in favor.

Approval of Consent Agenda

A. Regular Council Minutes – September 28, 2021

B. Vendor's List - \$72,389.20

Motion by Mr. Hildebrand to approve the consent agenda as presented. Support by Mayor Emerick. Motion passed with all in favor.

New Business

C. Mark Sochocki – Housing Commission 2020 Audit

Mr. Sochocki is the Executive Director of the Big Rapids Housing Commission and reminded council that the Evert Housing Commission has retained the Big Rapids Housing Commission for management/executive services. He presented the audit of the Evert Housing Commission for the 2020 fiscal year and requested that council accept the audit of the Annual Report of the Evert Housing Commission. There were two significant deficiencies noted in the audit: six of six tenant files did not contain the required documentation. Paychecks were prepared at the beginning of the month prior to work being performed by the employees, timecards were unsigned and required employment forms are missing. Another issue noted was that 18% of credit card purchases were unsupported. All of these issues are being addressed and corrected.

D. Proposals of Purchase of Industrial Park Property

Mr. Lewis advised council that two offers have been received for property in the industrial park, both of which include Lot 2, the McClellan property. Lot 2 appraised at \$400,000 sixteen months ago and the appraiser has suggested adding a 3% inflation increase for a current value of \$412,000. Lot 1, which is vacant land, just sold for \$100,000 or \$20,000/acre. There has been some discussion about getting the rest of the vacant lots in the park appraised, and Mr. Lewis suggested using the recent sale as a comparable for this discussion.

Dr. Steven Kalesperis (Utopian HeRxBs LLC) told council that he and Robb LaPeen (Birch Run Wellness Center LLC) intend to build a campus for growing, processing, prescribing, and selling medical and

recreational cannabis and hemp. There will also be an educational component with students on site. Their offer is for \$7,500/acre because the lots they are interested in are all listed at \$70,000 but vary widely in size and his research has shown lots in the Evart area typically sell for \$3,000-\$5,000. Mr. Hildebrand noted that such lots are farmland or residential, are not zoned industrial and cannot be compared to lots in the industrial park, which have water, sewer, police protection and US10 frontage. Dr. Kalesperis stated that if the lots appraise higher than \$7500/acre, their maximum offer will be \$10,000/acre and if they appraise at less, he expects the City to honor that price.

Robert Eklund (Red Sky Partners) stated that he has been discussing the purchase of Lot 2 since May with former city manager Sarah Dvoracek. He offered \$400,000 at that time and is still interested in purchasing the property. He is willing to pay \$415,000 (cash sale) and would like to close within the coming week. He will keep the current tenant in place.

Mr. Hildebrand noted that the Utopian/Birch Run offer includes a six-month rental clause, which he believes puts the City at unnecessary risk and asked if they are willing to strike the rental clause and purchase the property outright. Mr. Kalesperis said that was acceptable. Mr. Hildebrand then requested that the offer be revised and presented as a purchase agreement rather than the lease agreement with option to buy currently on the table. He also stated that the last major development in the park took twelve months to complete, and that he does not think the March deadline for this project is at all realistic. He reminded Mr. Kalesperis that the current rental agreement requires 90 days' notice to the tenant. Mayor Emerick voiced the concerns that this business model is new and therefore unproven and that the proposal mentions loans and grants, which are typically not available to cannabis projects. She would like to see proof of funding.

Mr. Lewis reiterated that it is highly unlikely that the Birch Run/Utopian agreement could be completed by their March 2022 deadline. The 90-day notice to the tenant will not be given until the sale has closed, and the project will have to work its way through the Planning Commission and must have a development agreement. He recommends that the City pursue appraisals for Lots 3, 4, 6, 7 and 8. No action taken.

Departmental/Information Reports (No action needed)

E. Accounts Payable Report (9/29/2021 – 10/5/2021)

F. Payroll Reports (9/29/2021 – 10/5/2021)

G. Revenue and Expense Report – September 2021

City Attorney Report/Comment - none

City Clerk Report/Comment - none

City Manager Report/Comment

Finance Director Report/Comment

Ms. Lockhart stated that the annual audit is underway and going well. Staff continues to schedule water meter replacements.

Director of Public Works Report/Comment

Mr. Moma reported that the storm clean up is substantially complete and staff has returned to their normal duties. The Splash Pad will be winterized soon and the handicapped kayak launch will be pulled out for winter storage. He is seeking quotes for a leaf vacuum which he believes would greatly expedite bulk leaf pick up in spring and fall, while keeping the street cleaner. He's having difficulty obtaining three bids and Mr Hildebrand said if that continues to be the case, Mr. Moma should present an agenda report with that notation and council will look at the options available.


Police Department Report/Comment - none

Downtown Development Authority Report/Comment - none

Evart Area Fire Department - none

Citizens' Comments: Roger Elkins stated that he understands that City Hall still has issues with the phone system. He called this afternoon and couldn't get through, but staff promptly returned his missed call. He appreciated the courtesy.

Motion by Mayor Emerick to adjourn. Support by Mr. Hildebrand. Motion passed with all in favor. The meeting was adjourned at 9:23pm.


Kathy Fiebig, City Clerk

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