

CITY OF ST. JOHNS
CITY COMMISSION MINUTES
SPECIAL MEETING
OCTOBER 10, 2023

The special meeting of the St. Johns City Commission was called to order by Mayor Dzurka at 6:00 p.m. at the St. Johns Police Department, 409 South Whittemore Street, St. Johns, Michigan.

COMMISSIONERS PRESENT: Jean Ruestman, Brad Gurski, Scott Dzurka, Chris Hyzer

COMMISSIONERS ABSENT: Eric Hufnagel

STAFF PRESENT: Chad Gamble, City Manager; Mindy J. Seavey, City Clerk; Kristina Kinde, Treasurer; Justin Smith, Director of Public Services; Scott Hogan, Attorney

Approval of Agenda

Motion by Commissioner Gurski seconded by Commissioner Hyzer that the city commission approve the agenda as presented.

YEA: Ruestman, Gurski, Dzurka, Hyzer

NAY: None

Motion carried.

Public Comments

Brenden Fox, Dymaxion, was present. He thanked the commissioners and city staff. He said they are very excited about the documents and happy with the collaboration with commissioners and staff over the last several months. He said he would be happy to answer questions.

Susan DeRosia was present. She said she glanced through the capital expenditure options and hopes if an expenditure other than option 1 is selected it will not postpone the project any longer.

Bob Craig, 812 W. Park Street, was present. He said he wanted to indicate his public support and ongoing support for the Wilson Center project. He said he prefers option 1, the whole build out. He said the auditorium and gymnasium are important for our community. He said a lot of people participate in both recreational and the arts at those two. He said he knows the commission and staff have been working really hard for over

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a year. He said it is time well spent on due diligence, but it is time to make a decision. He said you are not the only public body that dealt with the Wilson Center. He said it was owned by St. Johns Public Schools and they unanimously approved selling it to Dymaxion under competitive bids. He said Dymaxion is a private entity and they have taken the conditions of reusing the gym and auditorium to heart. The school board unanimously approved this and he hopes you will be unanimous in approving it tonight. He said this is an important asset for the future of the community.

Tom Webb was present. He said he was looking through the different options and option 3 disturbed him the most because it shuts out the community use. Those projects would be pushed back indefinitely. He said he is in full support of Dymaxion's plans for housing. He discussed people who live there will be able to walk downtown and patronize businesses. He said he is in favor of option 1. He said he appreciated the time and effort spent and he urged them to vote for option 1.

Project Updates and Presentation of Options

Mayor Dzurka said staff answered questions and posted them to the website. He said they had a conversation at their last meeting and discussed concerns about cost. He said staff looked at different options.

City Manager Gamble discussed:

- He acknowledged the team present at the meeting: Ken Jones, Studio Intrigue; Scott Hogan, Foster Swift; Brendan Fox & Matt McNeil, Dymaxion; Kristina, Mindy & Justin.
- Review of September 12th Meeting
 - Purchase agreement options.
 - Attorney Hogan said there are legal risks and exposure with defaulting on the purchase agreement.
 - Checks boxes of strategic plan and master plan.
 - Hearty building made out of brick.
 - Wilson Center by the numbers.
 - 15-year Revenue Summary
 - DDA capture
 - Additional Space (Community Room, concession area/kitchen, storage).
 - Master Deed and Development Agreement
- Community engagement and information sharing
 - Over 34 questions we responded to on-line.
 - Continued to receive questions via e-mail.
- Capital Expenditure Options

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- Option #1 Full Buildout; Option #2 Min-Buildout; Option #3 Must Do's
- Detailed Estimates
- Financial Impact Information
 - Estimated bond payments
- Review Timeline Options
 - Does not change for options #1 & #2
- Outstanding Questions

There was a discussion of:

- Option #1 & #2 would both start recreation programming in the winter of 24/25.
- The rationale behind purchasing the additional space.
 - Lack of collections area within the building.
 - Dealing with crowds.
 - No space for concessions or patronage of area.
 - Allows other alternative rentals of space.
 - Advantage in applying for future grants.
 - A lot of grants are tied to community spaces.
 - Programming such as after school, senior, or yoga classes.
- Reasoning for a 15-year bond vs. 20-year bond.
 - Just for number purposes.
 - Minimize interest on loan.
 - 5.5% is still a conservative number.
- Option #3
 - Bonding would still be done.
 - Purchasing only, and would not have a useable facility.
- Programming and rental fees/revenue.
- Grant application that is pending.
 - If successful, we could add on additional benefits.
 - Would be able to do the full buildout.
 - Grant application was for a total of \$2.5 million; grant award would be \$1.91 million.
 - 90% of improvements in option #1 were included in the grant application.
 - Buildout of additional space was included in the grant.
- Bonding
 - Intent to bond not to exceed \$3.5 million.
 - If we front with cash, can reimburse from the bond financings.
- 6-month remediation period.
- Timeline of when the commission needs to make a decision regarding option #1, #2, or #3.

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- With option #1 or #2 engineering would have to be done.
 - With the whole process you have 12-14 months before you move in (design, bidding & construction).
 - Bidding process
 - Full amount with deducts or a nucleus of a minimum and add alternates.
 - With design side, need to know what things are going to be included.
 - Financing
 - \$300,000 of extra defined benefit (DB) retirement payments that has fallen off.
 - In 2028, the DB retirement payment estimated to decrease \$700,000 per year.
 - With the bond amortization schedule, we can have lower payments up front.
 - GO Bond that ends in 2024. This year that payment is \$200,000.
 - Starting with at least option #2.
 - Bids with option #3 won't be as good.
 - If we start at option #3 there is a loss of revenue and a lost value of our community.
 - Social cost.
 - Surveys say people want more recreation.
 - Shortage of space for community groups to meet.
 - Inflation and having to put heating & cooling in eventually.

First Amendment to the Purchase Agreement to Include Additional Space

Mayor Dzurka said this solidifies the additional space on slide #10.

City Manager Gamble said this provides for the purchase of this space at \$130,000. He said it is the former offices of the high school. This provides for an amendment of the purchase agreement.

Attorney Hogan said that is correct.

Motion by Commissioner Ruestman seconded by Commissioner Gurski that the city commission adopt the amendment to the purchase agreement to include additional space at \$130,000.

YEA: Ruestman, Gurski, Dzurka, Hyzer

NAY: None

Motion carried.

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Development Agreement and Master Deed and Authorize the Mayor to Sign on Behalf of the City

City Manager Gamble said these documents were a collaborative effort initiated by McClellan Anderson and have been scrubbed. He said there has been great teamwork with Dymaxion. He discussed the details of how the process works and said there is a baton handoff between the two agreements when the building opens up for business. He discussed the condominium association.

Attorney Hogan said there is dispute resolution in there too and these documents have been thoroughly negotiated.

Mayor Dzurka said there have been no changes since September. If we do want to move forward and place a level of a cap, do we need a separate motion?

City Manager Gamble said yes, a separate motion.

Attorney Hogan said he agreed.

Motion by Commissioner Ruestman seconded by Commissioner Hyzer that the city commission adopt the development agreement and the master deed and authorize the mayor to sign on behalf of the city.

YEA: Ruestman, Gurski, Dzurka, Hyzer

NAY: None

Motion carried.

There was a discussion of deciding between options #1 and #2. There was a consensus to have this as an agenda item for action at the city commission's October 23, 2023 regular meeting.

Adjournment

Motion by Commissioner Hyzer seconded by Commissioner Gurski that the meeting be adjourned.

YEA: Ruestman, Gurski, Dzurka, Hyzer

NAY: None

Motion carried.

The meeting was adjourned at 7:17 p.m.