

APPROVED MINUTES

The City held Special Council Meeting #1566 on Monday, March 15, 2021, in the Council Chambers at City Hall.

Call to Order:

The meeting was called to order at 6:00 pm by Mayor Brent Teske.

The Pledge of Allegiance was completed, and Roll Call commenced. Present were Mayor Teske, Ms. Williams, Mr. Beach, Mr. Dufficy, Ms. Smith, Mr. Taylor, Mr. Zimmerman, and City Clerk/Treasurer Mr. Sikes.

Mayor Teske welcomed all in attendance to the Special Meeting for the purpose of discussing the loan repayment of the Cabinet View Golf Club Loan that was presented at Council Meeting #1565 by the Club Treasurer Mr. George Mercer.

New Business:

Council to discuss proposal from Cabinet View Golf Club concerning loan repayment.

Mayor Teske opened discussion by asking Councilor Beach to begin with a statement.

Councilor Beach defined what economic development is by reading a prepared statement speaking to quality of life, job creation, and tax bases. A brief history of how the Economic Development Funds were obtained including the purpose, scope, and lack of limitations was offered and Mr. Beach suggested two plans. Plan A was to accept the offer, as established, with both parties receiving \$878,875 and the City forgiving \$662,125. Plan B was to deny the offer unless full payment is made to the City of \$1,541,000. Mr. Beach then offered a third plan in which the City would accept partial forgiveness to hopefully spur the economy through local jobs and materials purchasing.

Councilor Smith expressed pleasure with the offer and thanked the Golf Club management for the hard work during this process and for past efforts. Ms. Smith stated that more disclosure on the contracts and contingencies was needed and voiced concerns that the development would be used for residential only as the area is now zoned for commercial use. Included was the opinion that the development should keep with the spirit of the original agreement which was to keep the area residential.

Mr. George Mercer, 406 Willow Rd., echoed the opinion that the development should be kept residential stating that nothing was in the contract adding that it could be added in a counteroffer. Mr. Mercer stated that it is in the best interest of all involved that the development be residential homes and projected a quick turn around in the expected completion of the project asking how long it would take to rezone the area. Councilor Smith stated the rezoning would be quick if the landowner petitioned for the change.

Mr. Dean Chisholm, City Attorney, added that a deed restriction could be added to the sale requiring rezoning later. Mr. Mercer pushed for Residential B zoning that would allow for condominium and duplex construction asking if rentals would be allowed to which Councilor Smith confirmed they would.

Councilor Williams and Mr. Mercer discussed the 51 total acres and concluded that no lots would be retained for future use or sale on the back 9 holes as per the loan contract.

Mayor Teske stated that this is the time for the Council to discuss the matter at hand and offered the floor for further discussion.

Councilor Taylor stated that the Golf Club had not lost anything and added, if the loan were to be repaid in full, the Club would still receive \$200,000. Mr. Mercer stated that the economic development funds were meant for the economy and not for the City then spoke to other Grants and monies that were lost questioning where the \$662,125 fell in on the scale. Mr. Mercer openly asked what the Council would do with the money if it was returned, adding that the Golf Club had to be considered a top success story in the history of the fund.

Councilor Dufficy questioned why the City had to forgive the whole \$662,125. Mr. Mercer stated that the offer split the difference of the net proceeds of the \$1.541 million dollars and would pay back 60% of the loan. Councilor Dufficy asked if the City could forgive one half equaling roughly 350k. Mr. Mercer stated that he could not speak to the offer and expressed the desire to move forward while adding a warning to the City to be careful about the offer.

Councilor Dufficy confirmed his position as a fiduciary of the City's money to which Mr. Mercer stated that the funds were originally federal funds and not the City's.

Councilor Smith requested information on other outstanding loans to the Economic Development Fund to which Mr. Sikes stated that roughly \$40k was going to be repaid by the City for the Firehall roof. Councilor Zimmerman added that the City had utilized over \$1,042,000 of economic development funds for City improvements that was considered a Grant. The VFW was mentioned as still owing the fund money it had received.

Councilor Beach asked how many new homes were projected in the development to which Mr. Mercer answered 68 to 70 adding that there are only 14 homes for sale where the average has been 55 in the past. Mr. Beach stated that the focus should be on hiring local.

Mayor Teske stated that the base rate for water and sewer on 70 homes would be \$5,000 a month. Councilors Smith and Beach agreed with the Mayor that forgiveness would be a win-win situation.

Councilor Smith was in the opinion of leaning towards loan forgiveness as the whole community received the money, not just the City adding that, looking in broad strokes, the Golf Club is considered a community asset where the money is reinvested repeatedly.

Councilor Zimmerman pondered the idea that it is not loan forgiveness so much as an economic development investment for the future, not to mention, another story for the pages of the economic development fund. Councilor Dufficy agreed, but added, the desire for the City to lower the loss amount.

Councilor Zimmerman, with assistance of Councilor Williams, stated that a bird in the hand is better than 2 in the bush. Commenting that we could lose the deal by trying to figure out if the City will forgive \$300k or \$600k to which Mr. Dufficy stated that the City has already waited for 17 years.

Councilor Beach asked how long the land had been listed and for how many times. Mr. Mercer answered that the land had been for sale since 2010 and added that the MLS listing last year had brought the current offer from a, all considered, local person. Mr. Mercer continued to state that the 51 acres for sale is not land but considered a project.

Councilor Dufficy asked how much money had been received from logging the acreage to which Mr. Mercer stated \$22k which was used to help make ends meet with the deal.

Councilor Williams asked what the Club would do with the money it received and Mr. Mercer answered a new Club House, cart sheds, \$300 sprinkler heads, and basic survivability of the Club and Golf Course. Councilor Williams asked if the Club was a non-profit to which Mr. Mercer stated it had been for over 20 years. Mr. Mercer added that the Club had Certificates that were used for voting purposes only and were thus considered not for profit. Councilor Williams declared that, as to alleviate conflict of interest, KLCB owns a Certificate.

Mayor Teske opened the meeting up to the public for comment.

Mr. Dann Rohrer, 123 Swede Gulch Dr. and 42 year Club member, gave thanks and appreciation to the Council for considering the offer. Mr. Rohrer went on to explain all the expenses that were accrued by the Club for the development and for the existing golf course since being brought into City limits. Taxes went from \$5k to \$24k, \$20k for the first plat map, \$25k to buy a house, and \$20k on surveying were a few of the prices mentioned. It was Mr. Rohrer's opinion that 70 more homes would be huge for the Community and the Club by bringing in tournaments, filling Hotels, meals, shopping, and having Canadian Day adding to the economic development of the area. Councilor Williams asked who had approached who to receive the loan to which Mr. Rohrer stated that Mr. Wade Haynes who had approached the City.

Mr. DC Orr, 1117 Nevada, stated that the \$8 million dollars was received with no strings attached, direction given, or restraints added mentioning that it was said that the City could buy ice cream for the City with the whole amount if desired. Mr. Orr agreed that Mr. Haynes had worked on building the community sewer system adding that the loan could not have been made contingent on the sewer system. Mr. Orr explained that the citizens had paid for the Cabinet View project that the Club land will use questioning if the sewer treatment plant could handle the increased use. Mr. Orr ended by stating that if the loan was forgiven that the Council should not come to the citizens for more money later.

Mayor Teske stated that the City Engineer said the sewer system could handle the influx adding that the situation would have to be revisited when future sub-developments are added. Councilor Smith stated the newfound knowledge that future developers are financially responsible for increases to the system and not the City.

Mr. Jerry Mee, 373 Rustic, stated that golf courses are in decline and added that the only real security the Club has is the sale of the land and once it is gone so is the security. Mr. Mee explained that the Golf Club wants to be renowned to draw more players adding that timing is everything and if the deal is delayed there may no longer be a golf course. The example of Polson was brought up where it started small and now has million dollar houses around it.

Mayor Teske directed Mr. Sikes to place the offer for the sale of the land on the agenda for the next meeting while asking the Councilors to reach out to their constituents.

General Comments from Council:

None.


Adjournment:

Councilor Williams **MADE A MOTION** to adjourn, and Councilor Dufficy **SECONDED**.

Ms. Williams, Mr. Beach, Mr. Dufficy, Ms. Smith, Mr. Taylor, and Mr. Zimmerman voted **FOR**.

MOTION PASSED.

Meeting adjourned at 6:48 pm.



Mayor Brent Teske

Attest;


Clerk/Treasurer Samuel Sikes