

CITY OF
PORTAGE
A Place for Opportunities to Grow

**LOCAL DEVELOPMENT
FINANCE AUTHORITY**

September 17, 2009

**CITY OF PORTAGE
LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

A G E N D A

Thursday, September 17, 2009

CALL TO ORDER:

8:00 a.m., Portage City Hall, Conference Room #1, 7900 South Westnedge Avenue

APPROVAL OF MINUTES:

- * May 4, 2009

BUSINESS:

- * 1. Election of Officers (Member listing and Articles of Incorporation)
- * 2. FY 2005-06, 2006-07 and 2007-2008 Annual Financial Reports - Resolution Approving and Authorizing Transmission of the Financial Reports on the Status of the Tax Increment Financing Plan.
 - Communication from the Director

STATEMENT OF CITIZENS:

ADJOURNMENT:

Star (*) indicates printed material within the agenda packet.

MATERIALS TRANSMITTED

NOTE: It is necessary to ensure that a quorum of the Board of Directors is available. If you cannot attend, please contact the Department of Community Development at 329-4477.

 **DRAFT**

PORTAGE LOCAL DEVELOPMENT FINANCE AUTHORITY

Monday, May 4, 2009

The Portage Local Development Finance Authority meeting on May 4, 2009 was called to order at 8:05 a.m. in Conference Room #1 of Portage City Hall, 7900 South Westnedge Avenue.

MEMBERS PRESENT:

Bob Seely; Michael Collins; Michael Batterson; Nasim Ansari; Ron Jones; Rick DeKam; and Michael Marshburn

MEMBERS EXCUSED:

Dennis Brooks; Jeff Gardner and Tim Wenzel

IN ATTENDANCE:

Maurice S. Evans, City Manager; Jeffrey M. Erickson, Director of Community Development; John Axe, Bond Counsel

APPROVAL OF MINUTES:

The minutes of the November 17, 2006 meeting were introduced for approval. A motion was offered by Seely and seconded by Ansari to approve the meeting minutes as presented. The motion was unanimously approved.

BUSINESS:

Board member Collins agreed to chair the meeting. There was a brief discussion of member listing, the terms and the process for reappointment and new appointment. The participating units of government will be requested to act in the next several weeks. Members serve until reappointment occurs or the member is replaced. Collins also mentioned that the Articles of Incorporation were in the agenda as information for the board members.

1. 2003 Amended Plan and 2004 Development Agreement. Erickson summarized the April 24, 2009 communication to the Board concerning this subject. The City Administration has been involved in resolving a matter concerning the 2003 Amended Plan and 2004 Development Agreement. As the board members recall a number of incentives were offered to The Stryker Corporation to encourage an estimated \$60 million new manufacturing plant and renovations/upgrades to existing facilities in Portage. At that time, Pfizer, Incorporated was also embarking on a plant expansion to accommodate an approximate \$30 million investment. The participating units of government offered incentives including land and public improvements to facilitate these private investments. With the exception of the East Milham-Kalamazoo/Battle Creek International Airport water main and the Zylman Avenue roadway improvements, the projects have been completed or are pending completion. It was explained that it became impossible to accomplish the water main improvement

 **DRAFT**

at the airport and that alternatives were carefully considered. An expansion of the Haverhill Water Tower was planned and would provide the same level of service as the original project. After consulting with The Stryker Corporation, because of the terms of the 2004 Development Agreement, concurrence was achieved on this alternative water improvement project. Similarly, the Zylman Avenue improvements have not yet been initiated. The Stryker Corporation did not use Zylman for access with the new manufacturing plant that was constructed. The city believed it prudent to delay the project until it was needed to facilitate access to the adjacent property. The objectives of the planned improvement – provide access and protect adjacent property/enhance function and appearance of Zylman – would still be met. The Stryker Corporation was approached about this project deferral and has agreed. Attached to the communication are the letters of consent by The Stryker Corporation and the favorable responses from the participating units of government to the alternative (substitute) water improvement and the deferral of the Zylman Avenue project. The Board of Directors is requested to approve the recommended resolution.

After some discussion of the communication and the recommended action, a motion was offered by Seely and seconded by Ansari that the resolution approving substitution of the water tower project and deferral of the Zylman Avenue street project in the City of Portage 2003 Amended Tax Increment Finance Plan/Amended Development Plan be approved. Upon a roll call vote, the resolution was unanimously approved.

STATEMENT OF CITIZENS:

None.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 8:25 a.m.

Respectfully Submitted,

Jeffrey M. Erickson, AICP
Director of Community Development

LOCAL DEVELOPMENT FINANCE AUTHORITY BOARD

Rick DeKam (City of Portage)	327-8870 H 323-0717 B	6431 Cypress St Portage, MI 49024 rick@midwestrealtly.com	03/31/10
Tim Wenzel, Chair (City of Portage)	323-7714 H 323-8777 B	3630 East Shore Dr Portage, MI 49002 twenzel@theuniformoutlet.com	03/31/10
Dennis Brooks, Treasurer (City of Portage)	323-3772 H	3119 Woodhams Ave Portage, MI 49002 dbrooks@KRESA.org	03/31/11
Michael Marshburn (City of Portage)	324-0890 H 327-0077 B	TMP Associates 470 W Centre Ave Portage, MI 49024 mmarshburn@tmp-architecture.com	03/31/11
Engel Corstange, Secretary (City of Portage)	327-9539 H	1445 W Osterhout Ave Portage, MI 49024	03/31/12
Jeff A. Gardner (City of Portage)	323-7774	5770 Venture Park Kalamazoo, MI 49009	03/31/13
Robert E. Seely (City of Portage)	327-7473 H	9930 East Shore Dr Portage, MI 49002	03/31/13
Michael Batterson (Portage Public Schools)	323-5101 B 349-1308 H	5227 Morningside Dr Portage, MI 49024 mbatterson@portageps.org	03/31/12
Karla Colestock (Portage Public Schools)	329-4608 H 323-5186 B	5915 Old Mission St Portage, MI 49024 kcolestock@portageps.org	03/31/13
Nasim Ansari (Kalamazoo County)	327-0016 H 337-8696 B	5689 Newhaven Dr Portage, MI 49024 nansari1@hotmail.com	03/31/10
Michael Collins (Kalamazoo Valley Community College)	488-4255 B	KVCC PO Box 4070 Kalamazoo, MI 49003 mcollins@kvcc.edu	03/31/12
Jeffrey M. Erickson, Ex Officio	329-4477 B	erickson@portagemi.gov	

CITY OF PORTAGE

At a regular meeting of the City Council of the City of Portage, Michigan, held on the 20th day of March, 1990, at 7:30 p.m., Eastern Standard Time, at the City Hall, Portage, Michigan. There were:

PRESENT: Overlander, Bashaw, Jean, Schreur, Shugars, Sutter, Zull
ABSENT: None

The following preamble and resolution were offered by Councilman Shugars and supported by Councilman Schreur.

**RESOLUTION TO CREATE A LOCAL DEVELOPMENT FINANCE AUTHORITY
AND DESIGNATING THE BOUNDARIES OF A
LOCAL DEVELOPMENT FINANCE DISTRICT**

WHEREAS, pursuant to the provisions of Act No. 281, Public Acts of Michigan of 1986 (the "Act"), the City of Portage wishes to establish a Local Development Finance Authority so it can create and implement a Development and Tax Increment Financing Plan to develop part of the City of Portage within the local development finance district described below.

WHEREAS, the boundaries of the proposed Local Development Finance District (the "District") are as set forth in Attachment A, which is by this reference made a part of this resolution, and

WHEREAS, this action is being undertaken to eliminate the conditions of unemployment, underemployment, and joblessness, and to promote economic growth in the community, utilizing tax increment financing,

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORTAGE, as follows:

**RESOLUTION ESTABLISHING AND IMPLEMENTING
THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE
CITY OF PORTAGE**

1. This Resolution shall serve as the permanent Articles of Incorporation of the Local Development Finance Authority of the City of Portage, (the "Authority").

2. Pursuant of Public Act No. 281 of the Michigan Public Acts of 1986, as amended, (the "Act"), there is hereby established a Local Development Finance Authority, (the "Authority").

3. The boundaries of the Authority District shall be as set forth i Appendix A.

4.(1) The Authority shall be under the supervision and control of the Board (the "Board)), which shall include:

(a) Seven (7) members appointed by the Chief Executive of the City of Portage:

(b) One (1) member appointed by the Board of Commissioners of the County of Kalamazoo.

(c) One (1) member representing the Kalamazoo Community College appointed by the chief executive officer of that Community College.

(d) Two (2) members appointed by the chief executive officer of the Portage Public Schools, which levied 20% or more of the ad valorem property taxes levied against all property located in the authority district in the year 1989.

(2) Of the members first appointed, an equal number, as near as possible, shall have terms designated by the City Council of the City of Portage of 1 year, 2 years, 3 years, and 4 years. However, a member shall hold office until the member's successor is appointed. After the first appointment, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made in the same manner as the original appointment. An appointment to fill an unexpired term shall be for the unexpired portion of the term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

5. The majority of the members of the Board shall constitute a quorum for the transaction of business. The Board shall annually elect one of its members as Chairperson, one of its members as Secretary and one of its members as Treasurer.

6. The Board shall prescribe and adopt rules of procedure and the holding of regular meetings, subject to the approval of City Council. Special meetings may be held when called in the manner provided in the rules of the Board.

7. Subject to notice and an opportunity to be heard, a member of the board may be removed before the expiration of his or her term for cause by the governing body, of the appointing unit. Removal of a member is subject to review by the circuit court.

8. All expense items of the authority shall be publicized annually and the financial records shall be open to the public pursuant to the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

9. The board may employ and fix the compensation of a director, subject to the approval of the City Council of the City of Portage as provided in the Act. The director shall serve at the pleasure of the board.

10. The Board and its Chairperson, Secretary and Treasurer shall have those duties and powers as are set forth in the Act.

11. In accordance with the provisions of the Act, the Board may:

(a) Study and analyze unemployment, underemployment, and joblessness and the impact of growth upon the authority district or districts.

(b) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility.

(c) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the City of Portage, to promote the growth of the Authority District and take the steps that are necessary to implement the plans to the fullest extent possible to create jobs, and promote economic growth.

(d) Implement any plan of development necessary to achieve the purposes of this act in accordance with the powers of the Authority as granted by the Act.

(e) Make and enter into contracts necessary or incidental to the exercise of the board's powers and the performance of its duties.

(f) Acquire by purchase or otherwise on terms and conditions and in a manner the authority considers proper, own or lease as lessor or lessee, convey, demolish, relocate, rehabilitate, or otherwise dispose of real or personal property, or rights or interest in that property, which the authority determines is reasonable necessary to achieve the purposes of the Act, and to grant or acquire licenses, easements, and options with respect to the property.

(g) Improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equipment, improve, maintain, repair, or operate a building, as provided in Section 12(3) of the Act for the use, in whole or in part, of a public or private person or corporation, or a combination thereof.

(h) Fix, charge, and collect fees, rents, and charges for the use of a building or property or a part of a building or property under the board's control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the Authority.

(i) Lease a building or property or part of a building or property under the board's control.

(j) Accept grants and donations of property, labor, or other things of value from a public or private source.

(k) Acquire and construct public facilities as defined by the Act.

(l) Incur costs in connection with the performance of the board's authorized functions including, but not limited to, administrative costs, and architects, engineers, legal, and accounting fees.

(m) Plan, propose, and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.

12. The Authority shall be considered an instrumentally of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

13. The City of Portage may take private property under Act No. 87 of the Public Acts of 1980, being sections 213.51 to 213.77 of the Michigan Compiled Laws, for the purpose of transfer to the Authority, and may transfer the property to the Authority for use as authorized in the development program, on terms and conditions it considers appropriate. The taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

14. The activities of the Authority shall be financed from 1 or more of the following sources:

(a) Contributions to the Authority for the performance of its functions.

(b) Revenues from any property, building, or facility owned, leased, licensed, or operated by the Authority or under its control, subject to the limitations imposed upon the Authority by trusts or other agreements.

(c) Tax increments received pursuant to a tax increment financing plan established under Section 12 to 14 of the Act.

(d) Proceeds of tax increment bonds issued pursuant to Section 14 of the Act.

(e) Proceeds of revenue bonds issued pursuant to Section 11 of the Act.

(f) Money obtained from any other sources approved by the City Council of the City of Portage.

15. The Authority may borrow money and issue its negotiable revenue bonds pursuant to Act No. 94 of the Public Acts of 1933, as amended, being Section 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the Authority shall not, except as hereinafter provided, be considered a debt of the City of Portage or of the state.

The City of Portage by majority vote of the members of its governing body may pledge its full faith and credit limited tax to support the Authority's revenue bonds.

16.(a) By resolution of its Board and subject to the limitations set forth in this section, the Authority may authorize, issue, and sell its tax increment bonds to finance a development program. The bonds shall mature in 30 years or less and shall be subject to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws. The Authority may pledge for debt service requirements the tax increment revenue to be received from an eligible property. the bonds issued under this section shall be considered a single series for the purposes of section 4 of the municipal finance act, Act No. 202 of the Public Acts of 1943, being section 135.4 of the Michigan Compiled Laws.

(b) The City of Portage by majority vote of the members of its City Council may make a limited tax pledge to support the Authority's tax increment bonds or, if authorized by the voters of the City, pledge its full faith and credit for the payment of the principal of and interest on the Authority's tax increment bonds.

(c) Bonds and notes issued by the Authority and the interest on and income from those bonds and notes are exempt from taxation by the state or a political subdivision of this state.

17. When this Board decides to finance a project in a development area pursuant to this act, it shall prepare a development plan in accordance with Section 15 of the Act.

18. The director of the Authority shall prepare and submit for the approval of the Board a budget for the operation of the Authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the

information required of municipal departments. Before the budget may be adopted by the Board, it shall be approved by the City Council of the City of Portage.

19. When the Authority has completed the purposes for which it was organized shall be dissolved by resolution of the City Council of the City of Portage. The Authority shall have all the powers granted to it by the Act as it currently exists or as the Act may be amended in the future and the enumeration of powers herein shall not be an attempt to limit such powers.

20. This Resolution shall take effect upon its adoption.

21. This resolution shall be filed by the City Clerk with the Secretary of State promptly after its adoption and shall be published once by the City Clerk in the Kalamazoo Gazette, a newspaper of general circulation in the City of Portage.

22. All resolutions and parts of resolutions in conflict herewith are rescinded.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS: Overlander, Bashaw, Jean, Schreur, Shugars, Sutter, Zull

NAYS: None

ABSTAIN:None

THE RESOLUTION WAS DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss
COUNTY OF KALAMAZOO)

The undersigned, being the duly qualified and acting Clerk of the City of Portage, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution duly adopted by the City Council of the City of Portage at its meeting held on the 20th day of March, 1990, at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the County. I further certify that the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with Act No. 267, Michigan Public Acts of 1976, as amended, and that minutes were kept and will be or have been made available as required thereby.

Lois B. Johnson
Lois B. Johnson, City Clerk

Dated: March 20, 1990

TO: Local Development Finance Authority (LDFA) Board

FROM: Jeffrey M. Erickson, Authority Director

DATE: September 9, 2009

SUBJECT: Annual Financial Reports

Attached find a resolution to approve and authorize transmission of the FY 2005-2006, 2006-2007 and 2007-08 annual reports to the State Tax Commission and to City Council per the Local Development Financing Act (PA 281 of 1986). The Annual Financial Reports include final audited information for each fiscal year and are attached as Appendix A, Appendix B and Appendix C to the resolution. The annual reports are only transmitted after the board has the opportunity to review the applicable annual audit information for the City of Portage.

With regard to Public Improvement/Activity Project #5 (East Milham-Kalamazoo/Battle Creek International Airport water main extension) and #7 (Zylman Avenue street project), the Board will recall approving a resolution during the May 4, 2009 meeting to substitute the Haverhill Water Tower project for Project #5 and deferring Project #7. Installation of the airport water main was not possible so expansion of the Haverhill Water Tower was determined a viable alternative since it would provide the same level of service as the original project. After consulting with The Stryker Corporation, because of the terms of the 2004 Development Agreement, concurrence was achieved on this alternative water improvement project. Similarly, the Zylman Avenue improvements have not yet been initiated. The Stryker Corporation did not use Zylman for access with the new manufacturing plant that was constructed. The city believed it prudent to delay the project until it was needed to facilitate access to the adjacent property. The objectives of the planned improvement – provide access and protect adjacent property/enhance function and appearance of Zylman – would still be met. The Stryker Corporation was approached about this project deferral and agreed. City Council adopted the resolution during the May 26, 2009 meeting.

Attached is a resolution prepared by Bond Counsel Axe. Approval of the accompanying resolution is recommended.

Attachment: Resolution with Annual Financial Reports

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CITY OF PORTAGE

At a regular meeting of the Board of the Local Development Finance Authority of the City of Portage, Michigan, held on September 17, 2009, at 8:00 a.m. at the City Hall, Portage, Michigan, there were:

PRESENT:

ABSENT:

The following preamble and resolution were offered by _____ and supported by _____.

**RESOLUTION APPROVING AND AUTHORIZING
THE TRANSMISSION OF THE FINANCIAL
REPORTS ON THE STATUS OF THE TAX INCREMENT
FINANCING PLAN**

WHEREAS, the Local Development Finance Authority of the City of Portage (the "Authority") has been duly incorporated by the City of Portage (the "City") pursuant to Act No. 281 of the Public Acts of Michigan of 1986 (the "Act") and the Board of the Authority has been duly appointed and sworn into office; and

WHEREAS, the Authority is required by statute to transmit annually to the City Council of the City of Portage and the State Tax Commission a Financial Report on the Status of the Tax Increment Financing Plan which report shall include certain matters as required by Section 13(3) of the Act; and

WHEREAS, such material has been prepared and is attached hereto as Appendix A, Appendix B and Appendix C to this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE, as follows:

1. The Financial Reports on the Status of the Tax Increment Financing Plan attached hereto as Appendix A, Appendix B and Appendix C are approved.

2. The Director of the Authority is authorized to transmit said financial reports to the City Council of the City of Portage and the State Tax Commission.

The results of a roll-call vote on the foregoing resolution were as follows:

YES:

NAYS:

ABSTAIN:

THE RESOLUTION WAS DECLARED ADOPTED:

SECRETARY'S CERTIFICATE

The undersigned, being the duly qualified and acting Secretary of the Board of the Local Development Finance Authority of the City of Portage, Michigan, hereby certifies that (1) the foregoing is a true and complete copy of a resolution duly adopted by the Board at a regular meeting held on September 17, 2009, at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records of the proceedings of the Board in my office, (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended), and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

Secretary

[SEAL]

Dated:

las.YR-PORLD.doc

ANNUAL FINANCIAL REPORTS

CITY OF PORTAGE

LOCAL DEVELOPMENT FINANCE AUTHORITY

for

FY 2005 - 2006

FY 2006 - 2007

FY 2007 - 2008

City of Portage, Michigan

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF
THE CITY OF PORTAGE

2004 AMENDED DEVELOPMENT PLAN/TAX INCREMENT FINANCE PLAN

FY 2005-06 ANNUAL FINANCIAL REPORT

As Approved by the Authority Board

on

_____, 2009

INTRODUCTION

Pursuant to the provisions of Act No. 281, Public Acts of Michigan, 1986, (Act 281), the City of Portage (the "City") has established the Local Development Finance Authority of the City of Portage (the "Authority"). Act 281 provides that the Board of the Authority, if it determines that it is necessary for the achievement of the purposes of Act 281, shall prepare and submit a tax increment financing plan to the City Council. Act 281 further provides that a tax increment financing plan shall include a development plan.

In 2003, a new opportunity to utilize the LDFA and again forge a public-private cooperative program became available. The City Administration facilitated additional growth and expansion of the manufacturing sector that would benefit the city and other local taxing jurisdictions. As a tool used to spur manufacturing growth, the LDFA financing mechanism was proposed to accomplish public improvements and eligible activities and provide incentives for Pfizer Incorporated to expand in this community. An investment of approximately \$30 million was planned by Pfizer. Additionally, the Stryker Corporation indicated plans to significantly expand its manufacturing capacity by investing up to nearly \$70 million, with significant job retention and job creation possibilities, and incentives to facilitate new manufacturing facilities in Portage and to encourage this investment were proposed. Amending the boundaries of LDFA District No. 1 to include properties along Sprinkle Road were included as part of this initiative.

Pfizer Incorporated proposed a new/expanded facilities at the manufacturing complex on Portage Road. Public infrastructure improvements facilitated this expansion effort by the company. The number of new jobs are unknown but significant jobs were retained jobs. The manufacturing facilities are operational.

Stryker Corporation proposed a new and also reconstructed/expanded manufacturing, research, and distribution facilities in the 8000 block of East Centre Avenue and along East Milham Avenue and Sprinkle Road. It is estimated that the new and expanded facilities will result in the creation of more than 225 jobs and the retention of more than 1600 jobs. The 3800 East Centre Avenue facility is complete and the 4100 East Milham and 6201 Sprinkle Road facilities are under construction.

The purpose of the 2003 Amended Development Plan/Tax Increment Finance Plan is to provide for the acquisition, construction and financing of public facilities and other eligible activities (as defined in Act 281) necessary for the planned projects by these two companies.

The acquisition and construction of certain public facilities and land acquisition activities facilitated the construction and development of the projects by these companies and thereby created economic growth and development in the Authority District and other areas of the City of Portage and Kalamazoo County.

PROPOSED PUBLIC IMPROVEMENT / ACTIVITY PROJECTS

<u>PUBLIC IMPROVEMENTS/ACTIVITIES</u>	<u>ESTIMATED COST</u>	<u>ESTIMATED TIME DESIGN & CONSTRUCTION</u>
1) Sprinkle Road widening, East Centre to Zylman	\$1,010,000	12-24 months
2) Sprinkle Road/Zylman and Sprinkle Road/East Milham Access improvements	\$ 300,000	12-24 months
3) 80 acre land purchase	\$2,400,000	12 months

ACTIVITY PROJECTS (continued)

4) Water and Sewer facilities to serve interior property	\$ 110,000	12-24 months
5) East Milham-Kalamazoo/Battle Creek International Airport water main improvement	\$1,200,000	12-24 months
6*) Water main Improvement, Sprinkle, Tiffany to Hayes	\$ 880,000	12-24 months
7*) Zylman Improvements	\$1,210,000	12-24 months
8*) Ramona Lane, Lovers to Portage water main improvement	\$ 500,000	12-24 months
9*) Ramona Lane, Lovers to Portage sanitary sewer improvement	\$ 990,000	12-24 months
	TOTAL \$8,600,000	

Notes: * Projects will be funded through tax increment revenue if available or other sources.

With regard to the proposed projects identified above:

- Public Improvement/Activity Project #1:** complete
- Public Improvement/Activity Project #2:** Access complete/KCRC signal pending
- Public Improvement/Activity Project #3:** complete
- Public Improvement/Activity Project #4:** complete
- Public Improvement/Activity Project #5:** Under design/construction next fiscal year
- Public Improvement/Activity Project #6:** complete
- Public Improvement/Activity Project #7:** pending/not started
- Public Improvement/Activity Project #8:** complete
- Public Improvement/Activity Project #9:** complete

FINANCIAL INFORMATION

This Annual Financial Report has been prepared pursuant to Section 13(3) of the Local Development Financing Act. The Annual Financial Report is for FY 05-06 and contains the information required by the Act.

Section 13(3)a: THE AMOUNT AND SOURCE OF TAX INCREMENTS RECEIVED

Tax increment revenue	\$ 156,672
Interest	\$ 21,195
Total	\$ 177,867

Section 13(3)(b): THE AMOUNT IN ANY BOND RESERVE ACCOUNT

In the LDFA Debt Service Fund there is \$ 1,711,964

Section 13(3)(c): THE AMOUNT AND PURPOSE OF EXPENDITURES OF TAX INCREMENT REVENUES

Interest and paying agent fees on outstanding principal \$ 197,100

Section 13(3)(d): THE AMOUNT OF PRINCIPAL AND INTEREST ON ANY OUTSTANDING BONDED INDEBTEDNESS OF AUTHORITY

\$11,266,407 as of June 30, 2006

Section 13(3)(e): THE INITIAL ASSESSED VALUE OF THE ELIGIBLE PROPERTY

The initial value is established at \$ 21,111,000.

Section 13(3)(f): THE CAPTURED ASSESSED VALUE OF THE ELIGIBLE PROPERTY RETAINED BY THE AUTHORITY

The captured value is established at \$ 7,811,807 for FY 2005-2006.

Section 13(3)(g): THE NUMBER OF JOBS CREATED AS A RESULT OF THE IMPLEMENTATION OF THE TAX INCREMENT FINANCING PLAN.

225 new jobs; 1600 existing jobs retained.

Section 13(3)(h): ANY ADDITIONAL INFORMATION THE GOVERNING BODY OR THE STATE TAX COMMISSION CONSIDERS NECESSARY.

1. Attached find a page excerpt from the FY 2005-2006 comprehensive annual financial report for the City of Portage. This information provides supporting documentation for this financial report.

CITY OF PORTAGE, MICHIGAN

**Local Development Finance Authority 2004 Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2006
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2005**

	2006			2005
	Amended Budget	Actual	Variance with Amended Budget + / (-)	Actual
REVENUES				
Taxes and special assessments	\$ 160,800	\$ 156,672	\$ (4,128)	\$ 51,484
Interest on investments	1,000	21,195	20,195	13,639
Total revenues	<u>161,800</u>	<u>177,867</u>	<u>16,067</u>	<u>65,123</u>
EXPENDITURES				
Debt Service:				
Principal	-	-	-	-
Interest	196,850	197,100	(250)	130,900
Economic development	52,419	1,951,954	(1,899,535)	2,535,253
Total expenditures	<u>249,269</u>	<u>2,149,054</u>	<u>(1,899,785)</u>	<u>2,666,153</u>
Excess (deficiency) of revenues over expenditures	<u>(87,469)</u>	<u>(1,971,187)</u>	<u>(1,883,718)</u>	<u>(2,601,030)</u>
OTHER FINANCING SOURCES				
Issuance of debt obligations	-	3,120,000	3,120,000	-
Total other financing sources (uses)	<u>-</u>	<u>3,120,000</u>	<u>3,120,000</u>	<u>-</u>
Net change in fund balance	<u>(87,469)</u>	<u>1,148,813</u>	<u>1,236,282</u>	<u>(2,601,030)</u>
Fund balance - beginning	<u>563,151</u>	<u>563,151</u>	<u>-</u>	<u>3,164,181</u>
Fund balance - ending	<u>\$ 475,682</u>	<u>\$ 1,711,964</u>	<u>\$ 1,236,282</u>	<u>\$ 563,151</u>

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF
THE CITY OF PORTAGE

2004 AMENDED DEVELOPMENT PLAN/TAX INCREMENT FINANCE PLAN

FY 2006-07 ANNUAL FINANCIAL REPORT

As Approved by the Authority Board

on

_____, 2009

INTRODUCTION

Pursuant to the provisions of Act No. 281, Public Acts of Michigan, 1986, (Act 281), the City of Portage (the "City") has established the Local Development Finance Authority of the City of Portage (the "Authority"). Act 281 provides that the Board of the Authority, if it determines that it is necessary for the achievement of the purposes of Act 281, shall prepare and submit a tax increment financing plan to the City Council. Act 281 further provides that a tax increment financing plan shall include a development plan.

In 2003, a new opportunity to utilize the LDFA and again forge a public-private cooperative program became available. The City Administration facilitated additional growth and expansion of the manufacturing sector that would benefit the city and other local taxing jurisdictions. As a tool used to spur manufacturing growth, the LDFA financing mechanism was proposed to accomplish public improvements and eligible activities and provide incentives for Pfizer Incorporated to expand in this community. An investment of approximately \$30 million was planned by Pfizer. Additionally, the Stryker Corporation indicated plans to significantly expand its manufacturing capacity by investing up to nearly \$70 million, with significant job retention and job creation possibilities, and incentives to facilitate new manufacturing facilities in Portage and to encourage this investment were proposed. Amending the boundaries of LDFA District No. 1 to include properties along Sprinkle Road were included as part of this initiative.

Pfizer Incorporated proposed a new/expanded facilities at the manufacturing complex on Portage Road. Public infrastructure improvements will facilitate this expansion effort by the company. The number of new jobs and the number of retained jobs are unknown at this time. The manufacturing facilities are operational.

Stryker Corporation proposed a new and also reconstructed/expanded manufacturing, research, and distribution facilities in the 8000 block of East Centre Avenue and along East Milham Avenue and Sprinkle Road. It is estimated that the new and expanded facilities created more than 225 jobs and retained more than 1600 jobs. The 3800 East Centre Avenue facility is complete and the 4100 East Milham and 6300 Sprinkle Road facilities are nearing completion.

The purpose of the 2003 Amended Development Plan/Tax Increment Finance Plan is to provide for the acquisition, construction and financing of public facilities and other eligible activities (as defined in Act 281) necessary for the planned projects by these two companies.

The acquisition and construction of certain public facilities and land acquisition activities facilitated the construction and development of the projects by these companies and thereby created economic growth and development in the Authority District and other areas of the City of Portage and Kalamazoo County.

PROPOSED PUBLIC IMPROVEMENT / ACTIVITY PROJECTS

<u>PUBLIC IMPROVEMENTS/ACTIVITIES</u>	<u>ESTIMATED COST</u>	<u>ESTIMATED TIME DESIGN & CONSTRUCTION</u>
1) Sprinkle Road widening, East Centre to Zylman	\$1,010,000	12-24 months
2) Sprinkle Road/Zylman and Sprinkle Road/East Milham Access improvements	\$ 300,000	12-24 months
3) 80 acre land purchase	\$2,400,000	12 months

ACTIVITY PROJECTS (continued)

4) Water and Sewer facilities to serve interior property	\$ 110,000	12-24 months
5) East Milham-Kalamazoo/Battle Creek International Airport water main improvement	\$1,200,000	12-24 months
6*) Water main Improvement, Sprinkle, Tiffany to Hayes	\$ 880,000	12-24 months
7*) Zylman Improvements	\$1,210,000	12-24 months
8*) Ramona Lane, Lovers to Portage water main improvement	\$ 500,000	12-24 months
9*) Ramona Lane, Lovers to Portage sanitary sewer improvement	\$ 990,000	12-24 months
	TOTAL \$8,600,000	

Notes: * Projects will be funded through tax increment revenue if available or other sources.

With regard to the proposed projects identified above:

- Public Improvement/Activity Project #1:** complete
- Public Improvement/Activity Project #2:** access complete/KCRC signal pending
- Public Improvement/Activity Project #3:** complete
- Public Improvement/Activity Project #4:** complete
- Public Improvement/Activity Project #5:** under design/construction next fiscal year
- Public Improvement/Activity Project #6:** complete
- Public Improvement/Activity Project #7:** pending/not started
- Public Improvement/Activity Project #8:** complete
- Public Improvement/Activity Project #9:** complete

FINANCIAL INFORMATION

This Annual Financial Report has been prepared pursuant to Section 13(3) of the Local Development Financing Act. The Annual Financial Report is for FY 06-07 and contains the information required by the Act.

Section 13(3)a: THE AMOUNT AND SOURCE OF TAX INCREMENTS RECEIVED

Tax increment revenue	\$ 411,432
Interest	\$ 42,819
Total	\$ 454,251

Section 13(3)(b): THE AMOUNT IN ANY BOND RESERVE ACCOUNT

In the LDFA Debt Service Fund there is \$ 1,820,858

Section 13(3)(c): THE AMOUNT AND PURPOSE OF EXPENDITURES OF TAX INCREMENT REVENUES

Interest and paying agent fees on outstanding principal \$ 345,357

Section 13(3)(d): THE AMOUNT OF PRINCIPAL AND INTEREST ON ANY OUTSTANDING BONDED INDEBTEDNESS OF AUTHORITY

\$10,921,275 as of June 30, 2007

Section 13(3)(e): THE INITIAL ASSESSED VALUE OF THE ELIGIBLE PROPERTY

The initial value is established at \$ 21,111,000.

Section 13(3)(f): THE CAPTURED ASSESSED VALUE OF THE ELIGIBLE PROPERTY RETAINED BY THE AUTHORITY

The captured value is established at \$ 22,392,275 for FY 2006-2007.

Section 13(3)(g): THE NUMBER OF JOBS CREATED AS A RESULT OF THE IMPLEMENTATION OF THE TAX INCREMENT FINANCING PLAN.

225 new jobs; 1600 existing jobs retained.

Section 13(3)(h): ANY ADDITIONAL INFORMATION THE GOVERNING BODY OR THE STATE TAX COMMISSION CONSIDERS NECESSARY.

1. Attached find a page excerpt from the FY 2006-2007 comprehensive annual financial report for the City of Portage. This information provides supporting documentation for this financial report.

CITY OF PORTAGE, MICHIGAN

**Local Development Finance Authority 2004 Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2007
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2006**

	2007		Variance with	2006
	Amended Budget	Actual	Amended Budget + / (-)	Actual
REVENUES				
Taxes and special assessments	\$ 394,700	\$ 411,432	\$ 16,732	\$ 156,672
Interest on investments	12,000	42,819	30,819	21,195
Total revenues	406,700	454,251	47,551	177,867
EXPENDITURES				
Debt Service:				
Interest	433,860	345,357	88,503	197,100
Economic development	50,000	-	50,000	1,951,954
Total expenditures	483,860	345,357	138,503	2,149,054
Excess (deficiency) of revenues over expenditures	(77,160)	108,894	186,054	(1,971,187)
OTHER FINANCING SOURCES				
Issuance of debt obligations	-	-	-	3,120,000
Total other financing sources (uses)	-	-	-	3,120,000
Net change in fund balance	(77,160)	108,894	186,054	1,148,813
Fund balance - beginning	1,711,964	1,711,964	-	563,151
Fund balance - ending	\$ 1,634,804	\$ 1,820,858	\$ 186,054	\$ 1,711,964

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF
THE CITY OF PORTAGE

2004 AMENDED DEVELOPMENT PLAN/TAX INCREMENT FINANCE PLAN

FY 2007-08 ANNUAL FINANCIAL REPORT

As Approved by the Authority Board

on

_____, 2009

INTRODUCTION

Pursuant to the provisions of Act No. 281, Public Acts of Michigan, 1986, (Act 281), the City of Portage (the "City") has established the Local Development Finance Authority of the City of Portage (the "Authority"). Act 281 provides that the Board of the Authority, if it determines that it is necessary for the achievement of the purposes of Act 281, shall prepare and submit a tax increment financing plan to the City Council. Act 281 further provides that a tax increment financing plan shall include a development plan.

In 2003, a new opportunity to utilize the LDFA and again forge a public-private cooperative program became available. The City Administration facilitated additional growth and expansion of the manufacturing sector that would benefit the city and other local taxing jurisdictions. As a tool used to spur manufacturing growth, the LDFA financing mechanism was proposed to accomplish public improvements and eligible activities and provide incentives for Pfizer Incorporated to expand in this community. An investment of approximately \$30 million was planned by Pfizer. Additionally, the Stryker Corporation indicated plans to significantly expand its manufacturing capacity by investing up to nearly \$70 million, with significant job retention and job creation possibilities, and incentives to facilitate new manufacturing facilities in Portage and to encourage this investment were proposed. Amending the boundaries of LDFA District No. 1 to include properties along Sprinkle Road were included as part of this initiative.

Pfizer Incorporated proposed new/expanded facilities at the manufacturing complex on Portage Road. Public infrastructure improvements facilitated this expansion effort by the company. The manufacturing facilities are operational. Given the changing pharmaceutical industry over the past several years and for this annual report, jobs at the Pfizer complex have been fluctuating. For the purpose of this annual report, it is estimated that 3,500 jobs are provided locally by Pfizer.

Stryker Corporation proposed a new and also reconstructed/expanded manufacturing, research, and distribution facilities at 3800 East Centre Avenue, 4100 East Milham Avenue and at 6300 Sprinkle Road. The company invested \$68 million in the new manufacturing and expanded facilities and are operational. For the purpose of this annual report, it is estimated that the company employs 1,300 people at these facilities.

The purpose of the 2003 Amended Development Plan/Tax Increment Finance Plan is to provide for the acquisition, construction and financing of public facilities and other eligible activities (as defined in Act 281) necessary for the planned projects by these two companies.

The acquisition and construction of certain public facilities and land acquisition activities facilitated the construction and development of the projects by these companies and thereby created economic growth and development in the Authority District and other areas of the City of Portage and Kalamazoo County.

PROPOSED PUBLIC IMPROVEMENT / ACTIVITY PROJECTS

<u>PUBLIC IMPROVEMENTS/ACTIVITIES</u>	<u>ESTIMATED COST</u>	<u>ESTIMATED TIME DESIGN & CONSTRUCTION</u>
1) Sprinkle Road widening, East Centre to Zylman	\$1,010,000	12-24 months
2) Sprinkle Road/Zylman and Sprinkle Road/East Milham Access improvements	\$ 300,000	12-24 months
3) 80 acre land purchase	\$2,400,000	12 months

ACTIVITY PROJECTS (continued)

4) Water and Sewer facilities to serve interior property	\$ 110,000	12-24 months
5) East Milham-Kalamazoo/Battle Creek International Airport water main improvement	\$1,200,000	12-24 months
6*) Water main Improvement, Sprinkle, Tiffany to Hayes	\$ 880,000	12-24 months
7*) Zylman Improvements	\$1,210,000	12-24 months
8*) Ramona Lane, Lovers to Portage water main improvement	\$ 500,000	12-24 months
9*) Ramona Lane, Lovers to Portage sanitary sewer improvement	\$ 990,000	12-24 months
	TOTAL \$8,600,000	

Notes: * Projects will be funded through tax increment revenue if available or other sources.

With regard to the proposed projects identified above:

Public Improvement/Activity Project #1: complete
Public Improvement/Activity Project #2: access complete/KCRC signal in process
Public Improvement/Activity Project #3: complete
Public Improvement/Activity Project #4: complete
Public Improvement/Activity Project #5: pending/substitute project in process
Public Improvement/Activity Project #6: complete
Public Improvement/Activity Project #7: pending
Public Improvement/Activity Project #8: complete
Public Improvement/Activity Project #9: complete

FINANCIAL INFORMATION

This Annual Financial Report has been prepared pursuant to Section 13(3) of the Local Development Financing Act. The Annual Financial Report is for FY 07-08 and contains the information required by the Act.

Section 13(3)a: THE AMOUNT AND SOURCE OF TAX INCREMENTS RECEIVED

Tax increment revenue	\$ 598,965
Interest	\$ 47,392
Total	\$ 646,357

Section 13(3)(b): THE AMOUNT IN ANY BOND RESERVE ACCOUNT

In the LDFA Debt Service Fund there is \$ 1,835,171

Section 13(3)(c): THE AMOUNT AND PURPOSE OF EXPENDITURES OF TAX INCREMENT REVENUES

Interest and paying agent fees on outstanding principal \$ 325,789

Section 13(3)(d): THE AMOUNT OF PRINCIPAL AND INTEREST ON ANY OUTSTANDING BONDED INDEBTEDNESS OF AUTHORITY

\$10,447,588 as of June 30, 2008

Section 13(3)(e): THE INITIAL ASSESSED VALUE OF THE ELIGIBLE PROPERTY

The initial value is established at \$ 21,111,000.

Section 13(3)(f): THE CAPTURED ASSESSED VALUE OF THE ELIGIBLE PROPERTY RETAINED BY THE AUTHORITY

The captured value is established at \$ 40,197,734 for FY 2007-2008.

Section 13(3)(g): THE NUMBER OF JOBS CREATED AS A RESULT OF THE IMPLEMENTATION OF THE TAX INCREMENT FINANCING PLAN.

225 new jobs; 1600 existing jobs retained.

Section 13(3)(h): ANY ADDITIONAL INFORMATION THE GOVERNING BODY OR THE STATE TAX COMMISSION CONSIDERS NECESSARY.

1. Attached find a page excerpt from the FY 2007-2008 comprehensive annual financial report for the City of Portage. This information provides supporting documentation for this financial report.

CITY OF PORTAGE, MICHIGAN

**Local Development Finance Authority 2004 Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual**

**Fiscal Year Ended June 30, 2008
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2007**

	2008		Variance with	2007
	Amended Budget	Actual	Amended Budget +/-	Actual
REVENUES				
Taxes and special assessments	\$ 400,000	\$ 598,965	\$ 198,965	\$ 411,432
Interest on investments	5,000	47,392	42,392	42,819
Total revenues	405,000	646,357	241,357	454,251
EXPENDITURES				
Debt Service:				
Principal	140,000	140,000	-	
Interest	334,498	325,789	8,709	345,357
Economic development	10,000	-	10,000	-
Total expenditures	484,498	465,789	18,709	345,357
Excess (deficiency) of revenues over expenditures	(79,498)	180,568	260,066	108,894
OTHER FINANCING SOURCES				
Transfers out:				
Capital Improvement Fund	-	(97,947)	(97,947)	-
Water Fund	-	(68,308)	(68,308)	-
Total other financing sources (uses)	-	(166,255)	(166,255)	-
Net change in fund balance	(79,498)	14,313	93,811	108,894
Fund balance - beginning	1,820,858	1,820,858	-	1,711,964
Fund balance - ending	\$ 1,741,360	\$ 1,835,171	\$ 93,811	\$ 1,820,858