

**FINAL AGENDA FOR THE COUNCIL MEETING  
CITY OF PORTAGE  
October 5, 2010**

5:15 p.m. Special Meeting to interview board and commission applicants.

7:30 p.m. Call to Order.

Invocation: Pastor Joan Herbon of the Lord of Life Lutheran Church of Portage.

Pledge of Allegiance.

Roll Call.

Proclamation:

A. Approval of the September 21, 2010 Regular Meeting Minutes.

\* B. Approval of Consent Agenda Motions.

\* C. Communication from the City Manager recommending that City Council approve the Accounts Payable Register of October 5, 2010, as presented.

D. Public Hearings:

E. Petitions and Statements of Citizens:

F. Reports from the Administration:

\* 1. Communication from the City Manager recommending that City Council adopt the resolution to support the Michigan State Housing Development Authority Grant application in the amount of \$135,000 for the North Portage Home Buyer Purchase-Rehabilitation Program and authorize the Mayor and City Manager to execute all documents related to the application in the event the grant is awarded.

\* 2. Communication from the City Manager recommending that City Council amend the General Appropriations Act (budget) for the fiscal year ending June 30, 2011.

\* 3. Communication from the City Manager recommending that City Council establish November 12 and 13 as the dates of the 2010 City Council Goal Setting Session.

\* 4. Communication from the City Manager regarding the Local Development Finance Authority Annual Report – Information Only.

G. Communications:

1. Communication from Mary Ann Borr, 7274 White Oak Circle, regarding two recent sign ordinance violations.

H. Unfinished Business:

\* 1. Communication from the City Manager recommending that City Council approve an ordinance to amend the Codified Ordinances of the City of Portage to grant Portage Hearthside Limited Dividend Housing Association Limited Partnership a tax exemption and establish a payment in lieu of taxes for the Hearthside Apartments I & II.

\* I. Minutes of Boards and Commissions Meetings:

1. Portage Zoning Board of Appeals of August 9, 2010.

2. Portage Board of Education Special and Regular Business Meeting of August 23, Special of September 2, and Special Meeting and Committee of the Whole Work Session of September 13, 2010.

3. Portage Planning Commission of September 2, 2010.

J. Ad-Hoc Committee Reports:

K. New Business:

L. Bid Tabulations:

- \* 1. Communication from the City Manager recommending that City Council accept the low bid submitted by The Postman, Incorporated, in the amount of \$23,730 for Ramona Park and South Westledge Park softball diamond fencing improvements and authorize the City Manager to execute all documents related to this action on behalf of the city.
- \* 2. Communication from the City Manager recommending that City Council accept the low bid submitted by Kuiper Building Services, LLC, in the amount of \$12,200 for City Hall breakroom roof and lower level window improvements and authorize the City Manager to execute all documents related to this action on behalf of the city.

M. Other City Matters:

- 1. Statements of Citizens.
- 2. From City Council and City Manager.
- \* 3. Reminder of Meetings:
  - a. Wednesday, October 6, 8:15 a.m., Historic District Commission, City Hall Room #2 – Cancelled.
  - b. Wednesday, October 6, 6:30 p.m., Park Board, Celery Flats followed by Bicentennial Park.
  - c. Thursday, October 7, 6:30 p.m., Human Services Board, City Hall Room #1.
  - d. Thursday, October 7, 7:00 p.m., Planning Commission, City Council Chambers.
  - e. Monday, October 11, 6:30 p.m., Youth Advisory Committee, City Hall Room #1.
  - f. Monday, October 11, 7:00 p.m., Zoning Board of Appeals, City Council Chambers.
  - g. Wednesday, October 13, 7:00 p.m., Environmental Board, City Hall Room #1.
  - h. Monday, October 18, 8:00 a.m., Legislative Roll Call, Kalamazoo Regional Chamber of Commerce, 346 West Michigan Avenue, Kalamazoo.

N. Materials Transmitted.

Adjournment.

# CITY COUNCIL MEETING SUMMARY

September 21, 2010

## CHECK REGISTER

- ◆ Approved the Check Register of September 21, 2010, as presented.

## REPORTS FROM THE ADMINISTRATION

- ◆ Accepted for first reading an ordinance to amend the Codified Ordinances of the City of Portage to grant Portage Hearthside Limited Dividend Housing Association Limited Partnership a tax exemption, establish a payment in lieu of taxes for the Hearthside Apartments I & II and take final action on October 5, 2010.
- ◆ Approved the revised Bolingbrook Drive Island Agreement to permit the installation of a sign in the public right-of-way that identifies the Romence Ridge single-family residential plat and authorized the City Manager to execute the Agreement.
- ◆ Held a closed session immediately following the regularly scheduled City Council meeting of September 21, 2010, to discuss an attorney/client communication.
- ◆ Received the communication from the City Manager regarding the Analysis of Zoning Consistency (FY 2009-2010 Update) as information only.
- ◆ Received the communication from the City Manager regarding the August 2010 Summary Environmental Activity Report as information only.
- ◆ Received the Department Monthly Reports from the various departments.

## COMMUNICATION

- ◆ Received a Presentation by Senior Citizens Advisory Board Chair James Hoppe.

## UNFINISHED BUSINESS

- ◆ Approved the proposed amendment to the City of Portage Code of Ordinances, Chapter 50, Section 50-116 – Disturbing the Peace.

## NEW BUSINESS

- ◆ Affirmed the denial of a Freedom of Information Act request and appeal filed by Mr. Casimer Kopec, 4867 Foxfire Trail, for reason that no separation of exempt and non-exempt information could be made, and no portion of the reports could be released without revealing exempt information.

## BID TABULATIONS

- ◆ Approved an annual licensing and software maintenance services agreement with SunGard, Incorporated, at a total cost of \$65,526 and authorized the City Manager to execute all related documents.
- ◆ Accepted the low bid submitted by A-1 Asphalt, Incorporated, in an amount of \$43,756.31 for Lovers Lane, Romence Road Parkway and Shaver Road Bikeway trail asphalt improvements and authorized the City Manager to execute all documents related to this action on behalf of the city.

## STATEMENTS OF CITY COUNCIL AND CITY MANAGER

- ◆ Councilmember Reid thanked all who helped make the Kalamazoo Area Footchase a success. She mentioned that as a part of the national take-back initiative, over the counter solid prescription medication can be dropped off Saturday, from 10 a.m. to 2 p.m. at the Kalamazoo Public Safety Building, 150 Crosstown Parkway, Kalamazoo. She said she mentioned this as an opportunity to get rid of substances without polluting the environment and to keep them out of the hands of youth. She also indicated that needles, injected products, marijuana and methamphetamine will not be accepted. Finally, she announced that October is a brush collection month.
- ◆ Councilmember Randall indicated that she learned from the Bishop that today is International Peace Day, not absence of war, but peace. She mentioned the three projects of The Ark on Pleasant Drive where three shelters are being built for nine young people from ages 18 to 24. Also, she disclosed that she was charged \$407.30 for public information pertaining to her ongoing concerns regarding questionable assessing practices in Portage. She indicated that she was never given a cost estimate for these charges. She said that from the professionals assisting her, she was told that this was an outrageous fee. She expressed her concern that the public obtain accurate cost estimates for information. She also indicated that she was not aware of any Councilmember who was ever charged for information and that a preliminary analysis of the information that she has received has raised more questions than answers and that she is therefore requesting the same information for the years 2000 through 2004.
- ◆ Councilmember O'Brien thanked Councilmember Reid and her sister and brother-in-law for allowing her to participate in the Kalamazoo Area Footchase where she was wanted "as a person impersonating a politician." She indicated that she was a crisis worker 15 years ago at the Ark and echoed Councilmember Randall and her appreciation for the efforts to help young people and families at The Ark. She also mentioned the new Lake Center Elementary School and the refurbishing of Portage Northern High School as welcomed additions to the community as state-of-the-art facilities. As an attendee of the Kingdom Entrepreneurial Summit in Portage, she said it was nice to see an organization trying to help people start businesses in a time of economic crisis. Finally, she announced that the Senior Center Pig Roast fundraiser is from 2 p.m. to 6 p.m., Saturday, September 25, 2010, in conjunction with AppleFest in Shrier Park.
- ◆ City Manager Evans asked for City Council to think about and give direction to the Administration regarding the comments from Councilmember Randall about questionable assessing practices since, as far as he can tell, the Assessor's Office has been exonerated with regard to questionable assessing practices. Mr. Evans advised that this matter should be brought to City Council as a whole since City Council voted unanimously to end its investigation of assessment practices in April 2010.

With regard to the Freedom of Information Act (FOIA) request and being charged as a Councilmember for a FOIA request, he indicated that Councilmember Randall was charged as a citizen not as a Councilmember and reiterated that she did not take his encouragement to bring the matter to City Council as a whole. Next, in light of the recent Ponzi scheme that befell Comstock Township, Mr. Evans reviewed the Portage Investment Policy and provided assurances that care and caution within the investment practices of the City of Portage has protected Portage from being subjected to schemes of this nature. He defined and explained what constitutes a Ponzi Scheme and indicated that it is a promise of high returns with little or no risk which puts up a red flag. He discussed the Investment Committee and the General Investment Guidelines, including: the city will utilize a pooling approach to cash balances, which maximizes investment yields and reduces banking fees; all cash balances, accounted for in the various funds of the city, are subject to this investment policy, unless specifically excluded by other restrictions such as bond covenants or contractual agreements; and the Finance Director prepares a monthly investment report which is submitted to the City Manager. He also discussed the Financial Institution Guidelines, including: the city may not invest more than 40% of its surplus funds in or through any one bank, savings and loan, or broker-dealer; the total city investment in any one bank or savings and loan must represent less than 1% of the institution's Tier 1 capita; and the fact that the city will not do business with any bank, savings and loan, or broker-dealer who does not maintain either FDIC or SIPC insurance. Lastly, he listed some of the Investment Options/Limitations, including: Certificates of Deposit; U.S. Treasury and Agency obligations; Commercial Paper; Banker's Acceptances issued by domestic banks only; and Repurchase Agreements that are backed by any U.S. Treasury or Agency obligation which the city is allowed to purchase directly. He emphasized that the city has a very good policy, reviews the reports on a daily basis and takes investments very seriously and that checks and balances exist with the Mayor, the Finance Director, two outside private individuals who are in the investment business and himself as members of the Investment Committee. Plus, any decisions by the Investment Committee are also presented to City Council for review and approval which was last done on April 29, 2008. He referred the public to the detailed notes on pages 43 to 46 in the Comprehensive Annual Financial Report (CAFR) as another check and balance on how the city is doing financially. Mayor Strazdas expressed his appreciation for the comments from Mr. Evans and the report and expressed his confidence in the investment practices of the City of Portage.

- ◆ Mayor Pro Tem Sackley echoed Councilmembers Randall and O'Brien and expressed his appreciation for the efforts of The Ark and indicated he missed the groundbreaking because he appeared before the Kalamazoo County Board of Commissioners Committee of the Whole requesting a revolving fund for the Austin Lake Governmental Lake Board for continuing the work of aeration there. Mayor Strazdas welcomed him back.
- ◆ Mayor Strazdas thanked City Council for their engagement in the community at the many positive community events and celebrations.

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**COMPLETE MINUTES OF EACH CITY COUNCIL MEETING ARE AVAILABLE ON THE CITY WEBSITE AT PORTAGEMI.GOV, IN CITY HALL AND IN THE DISTRICT LIBRARY. MINUTES OF CITY BOARDS AND COMMISSIONS ARE AVAILABLE ON REQUEST FROM VARIOUS DEPARTMENTS.**

The Regular Meeting was called to order by Mayor Strazdas at 7:30 p.m.

At the request of Mayor Strazdas, Councilmember Margaret O'Brien gave the invocation and the City Council and the audience recited the Pledge of Allegiance.

The City Clerk called the roll with the following members present: Councilmembers Elizabeth A. Campbell, Margaret E. O'Brien, Patricia M. Randall and Claudette S. Reid, Mayor Pro Tem Edward J. Sackley and Mayor Peter J. Strazdas. Councilmember Terry R. Urban was absent with excuse. Also in attendance were City Manager Maurice S. Evans, City Attorney Randall Brown and City Clerk James R. Hudson.

**APPROVAL OF MINUTES:** Motion by O'Brien, seconded by Reid, to approve the September 7, 2010 Regular Meeting Minutes as presented. Upon a voice vote, motion carried 5 to 0 with Mayor Pro Tem Sackley abstaining.

\* **CONSENT AGENDA:** Mayor Strazdas asked Councilmember Reid to read the Consent Agenda. Councilmember O'Brien asked that item F.3, Closed Session, be removed from the Consent Agenda. Motion by Reid, seconded by Campbell, to approve the Consent Agenda motions as amended. Upon a roll call vote, motion carried 6 to 0.

\* **APPROVAL OF ACCOUNTS PAYABLE REGISTER OF SEPTEMBER 21, 2010:** Motion by Reid, seconded by Campbell, to approve the Accounts Payable Register of September 21, 2010. Upon a roll call vote, motion carried 6 to 0.

#### **REPORTS FROM THE ADMINISTRATION:**

\* **TAX EXEMPTION FOR HEARTHESIDE APARTMENTS I & II:** Motion by Reid, seconded by Campbell, to accept for first reading an ordinance to amend the Codified Ordinances of the City of Portage to grant Portage Hearthside Limited Dividend Housing Association Limited Partnership a tax exemption, establish a payment in lieu of taxes for the Hearthside Apartments I & II and take final action on October 5, 2010. Upon a roll call vote, motion carried 6 to 0.

\* **BOLINGBROOK DRIVE ISLAND AGREEMENT:** Motion by Reid, seconded by Campbell, to approve the revised Bolingbrook Drive Island Agreement to permit the installation of a sign in the public right-of-way that identifies the Romence Ridge single-family residential plat and authorize the City Manager to execute the Agreement. Upon a roll call vote, motion carried 6 to 0.

**CLOSED SESSION:** Councilmember O'Brien recused herself from discussing this matter and abstained from voting on this item due to a conflict. City Attorney Brown indicated that the basis of Councilmember O'Brien's decision is because of her associational ties with the applicant and her attorney. Discussion followed. Motion by Sackley, seconded by Reid, to hold a closed session immediately following the regularly scheduled City Council meeting of September 21, 2010, to discuss an attorney/client communication. Upon a roll call vote, motion carried 5 to 0 with Councilmember O'Brien abstaining.

\* **ANALYSIS OF ZONING CONSISTENCY (FY 2009-2010 UPDATE) – INFORMATION ONLY:** Motion by Reid, seconded by Campbell, to receive the communication from the City Manager regarding the Analysis of Zoning Consistency (FY 2009-2010 Update) as information only. Upon a roll call vote, motion carried 6 to 0.

\* **AUGUST 2010 SUMMARY ENVIRONMENTAL ACTIVITY REPORT – INFORMATION ONLY:** Motion by Reid, seconded by Campbell, to receive the communication from the City Manager regarding the August 2010 Summary Environmental Activity Report as information only. Upon a roll call vote, motion carried 6 to 0.

\* **DEPARTMENT MONTHLY REPORTS:** Motion by Reid, seconded by Campbell, to receive the Department Monthly Reports from the various city departments. Upon a roll call vote, motion carried 6 to 0.

**COMMUNICATION:**

**SENIOR CITIZENS ADVISORY BOARD CHAIR JAMES HOPPE:** City Council received a presentation and update by Senior Citizens Advisory Board Chair James Hoppe. Mr. Hoppe introduced Mary Lou Petrulio, Ruth Michelhaugh, former President of the Friends of the Senior Center Mary Prange and Parks and Recreation Director Bill Deming as Senior Citizen Services Manager Jason Horan could not be present at the meeting.

Mr. Hoppe indicated that the main task of the Senior Center has been to improve the quality of life for its members which has been a challenge as there is an increase in the need for the services of the Senior Center. He indicated that the staff is top notch and continue to develop quality programs. He highlighted the efforts of many of the volunteers, Personal Action Towards Health (P.A.T.H.), some of the quality activities at the Senior Center, membership efforts, the Trip Committee and the Friends of the Portage Senior Center. He also reviewed goals of the Senior Center, cited some of the successful fundraisers and invited City Council to join the Portage Senior Center. Discussion followed.

**UNFINISHED BUSINESS:**

\* **ORDINANCE AMENDMENT – DISTURBING THE PEACE:** Motion by Reid, seconded by Campbell, to approve the proposed amendment to the City of Portage Code of Ordinances, Chapter 50, Section 50-116 – Disturbing the Peace. Upon a roll call vote, motion carried 6 to 0.

\* **MINUTES OF BOARDS AND COMMISSIONS:** City Council received the minutes for the following boards and commissions:

- Portage Human Services Board of August 5, 2010.
- Portage Environmental Board of August 11, 2010.
- Kalamazoo County Board of Commissioners Committee of the Whole and Regular of August 17, 2010.
- Portage Planning Commission of August 19, 2010.

CITY COUNCIL ENTERED INTO CLOSED SESSION (F.3): 7:50 p.m.

**NEW BUSINESS:**

**FREEDOM OF INFORMATION ACT APPEAL BY THERESA CYPHER ON BEHALF OF CASIMER KOPEC:** When Mayor Strazdas reconvened the meeting at 8:14 p.m., City Attorney Randy Brown indicated for the record that City Council went into closed session to discuss an attorney/client privileged communication. Motion by Sackley, seconded by Reid, to affirm the denial of a Freedom of Information Act request and appeal filed by Mr. Casimer Kopec, 4867 Foxfire Trail, for reason that no separation of exempt and non-exempt information could be made, and no portion of the reports could be released without revealing exempt information. Upon a roll call vote, motion carried 5 to 0 with Councilmember O'Brien abstaining.

**BID TABULATION:**

\* **ANNUAL SUNGUARD ENTERPRISE SOFTWARE LICENSING AND MAINTENANCE FEE:** Motion by Reid, seconded by Campbell, to approve an annual licensing and software maintenance services agreement with SunGard, Incorporated, at a total cost of \$65,526 and authorize the City Manager to execute all related documents. Upon a roll call vote, motion carried 6 to 0.

\* **BIKEWAY TRAIL REPAIR – BID RECOMMENDATION:** Motion by Reid, seconded by Campbell, to accept the low bid submitted by A-1 Asphalt, Incorporated, in an amount of \$43,756.31 for Lovers Lane, Romance Road Parkway and Shaver Road Bikeway trail asphalt improvements and authorize the City Manager to execute all documents related to this action on behalf of the city. Upon a roll call vote, motion carried 6 to 0.

**OTHER CITY MATTERS:**

**STATEMENTS OF CITY COUNCIL AND CITY MANAGER:** Councilmember Reid thanked all who helped make the Kalamazoo Area Footchase a success. She mentioned that as a part of the national take-back initiative, over the counter solid prescription medication can be dropped off Saturday, from 10 a.m. to 2 p.m. at the Kalamazoo Public Safety Building, 150 Crosstown Parkway, Kalamazoo. She said she mentioned this as an opportunity to get rid of substances without polluting the environment and to keep them out of the hands of youth. She also indicated that needles, injected products, marijuana and methamphetamine will not be accepted. Finally, she announced that October is a brush collection month.

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Mayor Strazdas thanked City Council for their engagement in the community at the many positive community events and celebrations.

**ADJOURNMENT:** Mayor Strazdas adjourned the meeting at 8:30 p.m.

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James R. Hudson, City Clerk

**\*Indicates items included on the Consent Agenda.**

**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** September 28, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Accounts Payable Register

**ACTION RECOMMENDED:** That City Council approve the Accounts Payable Register of October 5, 2010 as presented.

Attached please find the Accounts Payable Register for the period September 15, 2010 through September 28, 2010, which is recommended for approval.

c: Daniel S. Foecking, Finance Director

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	BANK CODE	CHECK AMOUNT
09/15/2010	316	THOMPSON, KARIL	532		22.00
09/17/2010	272983	A I S CONSTRUCTION EQUIP. CO.	640		1,614.45
09/17/2010	272984	AT&T	849		3,506.30
09/17/2010	272985	ACTION PIANO SERVICE	3675		105.00
09/17/2010	272986	ADAMS BUILDING CONTRACTORS, IN	4350		2,709.20
09/17/2010	272987	ADMIRAL LOCK & KEY SERVICE	104		297.40
09/17/2010	272988	AGRO SALES NORTH LLC	3943		23.64
09/17/2010	272989	AIRGAS GREAT LAKES	106		252.41
09/17/2010	272990	AITKEN, MIKE	3088		380.00
09/17/2010	272991	ALL-PHASE ELECTRIC SUPPLY CO.	108		29.44
09/17/2010	272992	ALL-TRONICS, INC.	109		81.00
09/17/2010	272993	ALLEGRA PRINT & IMAGING	533		2,952.11
09/17/2010	272994	AMERICAN PLANNING ASSOCIATION	804		558.00
09/17/2010	272995	AMERICAN SAFETY & FIRST AID	113		560.46
09/17/2010	272996	AMERICAN VILLAGE DVLPMT II	999999		124.86
09/17/2010	272997	ANDREWS LAND SURVEYING, LLC	4595		1,895.00
09/17/2010	272998	GAIL ANDRUS TRAVEL	2071		1,921.00
09/17/2010	272999	ANIMAL REMOVAL SERVICE, LLC	3428		620.00
09/17/2010	273000	ANY CUTTING & WELDING	3347		1,217.00
09/17/2010	273001	APOLLO FIRE EQUIPMENT COMPANY	1253		1,566.00
09/17/2010	273002	TODD ARBANAS ENTERPRISES INC.	1704		1,525.00
09/17/2010	273003	ARBOR MORTGAGE	999999		447.85
09/17/2010	273004	ASPHALT RESTORATION INC	4464		3,214.80
09/17/2010	273005	AUMACK, MICHAEL	670		94.00
09/17/2010	273006	AUTOMATIC DATA PROCESSING	3305		1,155.78
09/17/2010	273007	B S & A SOFTWARE	1148		850.00
09/17/2010	273008	BAC TAX SERVICES CORP	999999		73.91
09/17/2010	273009	BATTERIES PLUS	3495		455.94
09/17/2010	273010	BEAR CREEK FARMS	1561		200.00
09/17/2010	273011	BEBEE, RON	3018		188.00
09/17/2010	273012	BELL EQUIPMENT COMPANY	3844		2,001.58
09/17/2010	273013	BILL'S LOCK SHOP, INC.	146		195.00
09/17/2010	273014	BLUESTONE PSYCH	3808		375.00
09/17/2010	273015	BOOTH NEWSPAPERS INC	89		1,101.38
09/17/2010	273016	BORGESS HEALTH ALLIANCE	151		85.00
09/17/2010	273017	BRINK'S, INC	153		226.48
09/17/2010	273018	BYHOLT INC.	68		712.60
09/17/2010	273019	BYHOLT, INC.	999999		80.00
09/17/2010	273020	C B C INNOVIS INC	2887		102.00
09/17/2010	273021	CARRIER & GABLE	1647		1,890.50
09/17/2010	273022	CELERY CITY CLOGGERS	3144		250.00
09/17/2010	273023	CHARTER COMMUNICATIONS	3080		9.44
09/17/2010	273024	CINTAS CORP.	2206		351.06
09/17/2010	273025	CITY OF KALAMAZOO (PUBLIC UTIL	540		940.79
09/17/2010	273026	CITY OF PORTAGE	177		14,540.41
09/17/2010	273027	CLEAN EARTH ENVIRONMENTAL SERV	1821		1,500.00
09/17/2010	273028	CLEAR VISIONS, INC.	4534		6,400.00
09/17/2010	273029	CONSTOCK PUBLIC SCHOOLS	1671		95,424.80
09/17/2010	273030	CONSUMERS CONCRETE CORP.	187		175.90
09/17/2010	273031	CONSUMERS ENERGY	743		42,359.82
09/17/2010	273034	CONSUMERS ENERGY-BILL PMT CNT	189		51,395.42

FROM 09/15/2010 TO 09/28/2010

BANK CODE

\*ALL\*

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	BANK CODE	CHECK AMOUNT
09/17/2010	273035	CONTINENTAL CONSTRUCTION	999999		8.79
09/17/2010	273036	CR SCIENTIFIC LLC	4569		64.74
09/17/2010	273037	CROSSROADS CAR WASH	195		656.00
09/17/2010	273038	CROSSROADS EXPERT AUTO SERVICE	4109		1,114.94
09/17/2010	273039	DETROIT PUMP & MFG COMPANY	747		104.21
09/17/2010	273040	DISELKOEN, KEITH	999999		45.00
09/17/2010	273041	DRIESENGA & ASSOCIATES, INC.	3277		22,250.00
09/17/2010	273042	EARTH TECH	224		1,900.00
09/17/2010	273043	EAST JORDAN IRON WORKS	226		2,277.37
09/17/2010	273044	EMPLOYMENT GROUP, INC.	959		422.50
09/17/2010	273045	ENGINEERED PROTECTION SYSTEMS,	2973		409.31
09/17/2010	273046	ENVIRONMENTAL SYSTEMS RESEARCH	2069		88.84
09/17/2010	273047	ESHLAMAN, RICHARD	999999		11.00
09/17/2010	273048	ETNA SUPPLY, INC.	692		100.00
09/17/2010	273049	EVANS, LAURA ANN	999999		444.68
09/17/2010	273050	EVEREST INSTITUTE	985		547.73
09/17/2010	273051	F D LAKE COMPANY	1144		2,327.00
09/17/2010	273052	FABRICATED FLEX & HOSE	690		7.00
09/17/2010	273053	FARLEY OVERHEAD DOOR, INC.	999999		218.47
09/17/2010	273054	FEENSTRA, KENNETH OF GLENYCE	690		70.19
09/17/2010	273055	FIDLAR COMPANIES	999999		2,255.53
09/17/2010	273056	FIFTH THIRD BANK	219		5,738.00
09/17/2010	273057	FIRST AMERICAN R/E TAX SERVICE	999999		300.00
09/17/2010	273058	FLETCHER ENTERPRISES	1399		17.50
09/17/2010	273059	STEVE GAZDAG	371		14.41
09/17/2010	273060	GORDON WATER SYSTEMS	517		300.00
09/17/2010	273061	GRANT, VERONICA	999999		255.21
09/17/2010	273062	GREELEY, DAVID LLOYD	2506		650.00
09/17/2010	273063	GREEN PATH DEET SOLUTIONS	999999		200.00
09/17/2010	273064	GUILLAUMIN, ELEANOR	999999		140.00
09/17/2010	273065	HADD, SARAH	532		908.83
09/17/2010	273066	HESS, DERECK	532		58.00
09/17/2010	273067	HI-TECH ELECTRIC CO.	1327		325.00
09/17/2010	273068	HOCKEY SERVICES	2898		324.47
09/17/2010	273069	JIM HOLT	2834		591.96
09/17/2010	273070	HOME DEPOT	691		137.00
09/17/2010	273071	INDUSCO SUPPLY CO., INC.	63		1,943.00
09/17/2010	273072	INTERNATIONAL CODE COUNCIL, IN	3244		5,358.25
09/17/2010	273073	J & J LAWN SERVICE, INC.	457		31.09
09/17/2010	273074	J B PRINTING COMPANY	1595		7,985.82
09/17/2010	273075	JOHN CONLON & ASSOC	999999		332.50
09/17/2010	273076	KALAMAZOO COUNTY HEALTH & COMM	84		906.75
09/17/2010	273077	KALAMAZOO COUNTY TREASURER	514		300.00
09/17/2010	273078	KALAMAZOO LANDSCAPE SUPPLIES	90		1,134.00
09/17/2010	273079	KALAMAZOO NATURE CENTER, INC.	92		222.00
09/17/2010	273080	KERKSTRA PRECAST, INC.	706		126.00
09/17/2010	273081	KEYSTONE AUTO REPAIR, INC.	984		10.00
09/17/2010	273082	KOPEC, CASEY	4409		102.89
09/17/2010	273083	KOPEC, CASIMER	999999		435.35
09/17/2010	273084	KUHN'S YARD & GARDEN CARE, INC	4551		
09/17/2010	273085	LANDS END	2645		

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	BANK CODE	CHECK AMOUNT
09/17/2010	273086	LAWSON PRODUCTS, INC	240		681.91
09/17/2010	273087	LEMMEN OIL CO.	2595		18,597.01
09/17/2010	273088	LERETA LLC	999999		4,896.21
09/17/2010	273089	LEWEKE, JANE	999999		1,950.00
09/17/2010	273090	THE LIFE GUARD STORE	1878		524.59
09/17/2010	273091	LOCEY SWIM POOL CO.	243		44.30
09/17/2010	273092	LORD, JAMES	999999		194.40
09/17/2010	273093	LOWE'S HOME CENTER	2630		453.15
09/17/2010	273094	MANHATTAN TOUR & TRAVEL, INC.	3720		1,138.00
09/17/2010	273095	MCCARTHY SMITH LAW GROUP, PLC	2950		3,423.86
09/17/2010	273096	MCDONALD'S TOWING & RESCUE, IN	728		75.00
09/17/2010	273097	MCDONALD'S USA, LLC	4211		535.33
09/17/2010	273098	MCDONALD'S USA, LLC	256		85.96
09/17/2010	273099	MCNALLY ELEVATOR CO.	4406		88.00
09/17/2010	273100	MEDEMA, TIMOTHY	258		52.05
09/17/2010	273101	MENARDS, INC	1029		150.00
09/17/2010	273102	MICH COM DEV DIRECTOR ASSOC	264		570.70
09/17/2010	273103	MICHIGAN ELECTION RESOURCES, L	3389		200.02
09/17/2010	273104	MICHIGAN PAVING & MATERIALS CO	3389		267,739.82
09/17/2010	273105	MICHIGAN PAVING & MATERIALS CO	3389		2,190.00
09/17/2010	273106	MICHIGAN POLICE EQUIPMENT CO.	269		95.00
09/17/2010	273107	MICHIGAN STATE UNIVERSITY	999999		.00
09/17/2010	273107	MICHIGAN TAX TRIBUNAL	999999		.00
09/17/2010	273108	MIDWEST COMMUNICATION SERVICES	1983		350.00
09/17/2010	273109	MIDWEST CUSTOM EMBROIDERY COMP	613		61.50
09/17/2010	273110	MILLBECK, JUSTIN AND	999999		3,000.00
09/17/2010	273111	MILLS, DAN	532		736.19
09/17/2010	273112	MIRACLE RECREATION EQUIPMENT	488		295.00
09/17/2010	273113	MMAAO	999999		15.00
09/17/2010	273114	MOORE MEDICAL, LLC	3850		469.64
09/17/2010	273115	T MORGAN INC.	376		349.13
09/17/2010	273116	MULDERS LANDSCAPE SUPPLIES INC	286		400.00
09/17/2010	273117	NATIONAL FIRE PROTECTION ASSOC	4099		810.00
09/17/2010	273118	NEW FRESH CLEANING SERVICE	4351		7,005.00
09/17/2010	273119	A NEW LEAF	635		201.50
09/17/2010	273120	NEW WORLD SYSTEMS	1154		29,421.00
09/17/2010	273121	NICHOLS, ANDREW	4229		188.00
09/17/2010	273122	NIGRELLI, LUCIE	999999		633.00
09/17/2010	273123	NYE UNIFORMS	299		1,228.75
09/17/2010	273125	OFFICE DEPOT, INC.	1721		673.33
09/17/2010	273126	OFFICEMAX INCORPORATED	301		313.92
09/17/2010	273127	ONE WAY PRODUCTS	440		1,337.97
09/17/2010	273128	JAROTH - P T S	3957		303.00
09/17/2010	273129	PATESEL, TERRY	4455		282.00
09/17/2010	273130	PETTY CASH-CITY MANAGER	805		216.00
09/17/2010	273131	PETTY CASH-DPS	538		277.21
09/17/2010	273132	PETTY CASH-PARKS	536		1,000.00
09/17/2010	273133	MICHIGAN PLAYGROUNDS, LLC	1658		417.46
09/17/2010	273134	POLDERMAN'S FLOWER SHOP	4157		122.85
09/17/2010	273135	PORTAGE PUBLIC SCHOOLS	999999		1,101.19
09/17/2010	273136	PRECISION PRINTER SERVICES INC	2584		785.70
09/17/2010	273137	PROTECTION TECHNOLOGIES, INC.	2331		740.00

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT
09/17/2010	273138	PRUDENTIAL NURSERY	937	2,280.00
09/17/2010	273139	PUBLIC SAFETY CENTER	4526	158.72
09/17/2010	273140	PURITY CYLINDER GASES, INC	323	2,956.75
09/17/2010	273141	QUALITY AIR HEATING & COOLING,	3621	1,760.90
09/17/2010	273142	RATHCO SAFETY SUPPLY, INC.	327	353.20
09/17/2010	273143	REFUND DEPARTMENT	999999	81,598.49
09/17/2010	273144	REPUBLIC WASTE SERVICES OF W M	4443	83,422.77
09/17/2010	273145	REPUBLIC WASTE SERVICES OF W M	4443	877.26
09/17/2010	273146	RESIDENTIAL PLUMBING SERVICES,	1977	.00
09/17/2010	273147	RICHMOND, CAROLINE	999999	100.00
09/17/2010	273148	RIDGE AUTO NAPA	438	1,934.38
09/17/2010	273149	RIETH-RILEY CONSTRUCTION CO.,	4386	4,439.70
09/17/2010	273150	ROMENCE GARDENS, INC	343	37.00
09/17/2010	273151	ROSE PEST SOLUTIONS	634	32.00
09/17/2010	273152	SAFETY SERVICES, INC.	349	70.16
09/17/2010	273153	SARCOM	2076	39,925.75
09/17/2010	273154	SCHAMEHORN, KEVIN	999999	29.69
09/17/2010	273155	SEVERANCE ELECTRIC COMPANY, INC	353	1,466.00
09/17/2010	273156	SHERWIN WILLIAMS	356	151.10
09/17/2010	273157	SHULTS EQUIPMENT	1042	1,574.40
09/17/2010	273158	SNELLING PERSONNEL SERVICES	2107	3,360.00
09/17/2010	273159	SOUTHWEST MICHIGAN GOV CONSULT	4484	2,625.00
09/17/2010	273160	STAP BROS LAWN & LANDSCAPE, INC	366	1,720.00
09/17/2010	273161	STATE OF MICH - STATE POLICE	367	3,060.00
09/17/2010	273162	STATE OF MICHIGAN (DOT)	368	73,556.77
09/17/2010	273163	STATE SYSTEMS RADIO, INC	369	1,229.55
09/17/2010	273164	STEENSA LAWN & POWER EQUIPMEN	3222	440.39
09/17/2010	273165	STERLING PROPERTY TAX SOLUTION	999999	2,849.50
09/17/2010	273166	STRAZDAS, PETER J.	999999	93.48
09/17/2010	273167	SUITS U TAILOR SHOP INC	4237	76.00
09/17/2010	273168	T-MOBILE USA INC	3665	29.99
09/17/2010	273169	TAX MANAGEMENT ASSOCIATES, INC	2458	1,400.00
09/17/2010	273170	TENOVER, GEORGANNA C.	999999	192.44
09/17/2010	273171	THOMPSON, HELENE	4417	95.00
09/17/2010	273172	THUNDERFOOT LLC	2496	200.00
09/17/2010	273173	TIGER DIRECT, INC.	4272	447.79
09/17/2010	273174	TORRES-VELEZ, VICTOR	999999	150.00
09/17/2010	273175	TOY BOX STORAGE	3208	3,909.96
09/17/2010	273176	TRACTOR SUPPLY CORP.	2817	352.14
09/17/2010	273177	TRANSACT TECHNOLOGIES, INC.	1336	89.00
09/17/2010	273178	TRUGREEN CHEMLAWN	390	65.58
09/17/2010	273179	U S SIGNAL COMPANY, LLC	3831	549.00
09/17/2010	273180	UNITED PARCEL SERVICE	545	119.50
09/17/2010	273181	UNITED WATER NACO LLC	4304	164,003.33
09/17/2010	273182	URBAN LAND INSTITUTE	999999	225.00
09/17/2010	273183	URBAN LAND INSTITUTE	999999	54.95
09/17/2010	273184	VANDERBILT, JOHN	668	94.00
09/17/2010	273185	VANGUARD FIRE & SUPPLY CO., IN	3996	301.78
09/17/2010	273186	VERTICAL EDGE ENTERTAINMENT	2513	3,700.00
09/17/2010	273187	VWR INTERNATIONAL LLC	4573	38.50
09/17/2010	273188	WATKINS, GREG	4231	47.00

PROGRAM: GM350L FROM 09/15/2010 TO 09/28/2010 \*ALL\*

CITY OF PORTAGE BANK CODE

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT
09/17/2010	273189	WEST MICHIGAN STAMP & SEAL, INC	415	36.40
09/17/2010	273190	WESTERN MICHIGAN INT'L TRUCKS	4306	524.94
09/17/2010	273191	WINGFOOT COMMERCIAL TIRE	2613	1,643.11
09/17/2010	273192	WMUK	4593	360.00
09/17/2010	273193	WOLFE, MATT	999999	194.40
09/17/2010	273194	WONDER MAKERS ENVIRONMENTAL	4592	1,300.00
09/17/2010	273195	9TH CIRCUIT COURT	999999	500.00
09/20/2010	273196	MICHIGAN TAX TRIBUNAL	999999	100.00
09/24/2010	273197	BLUE CROSS/BLUE SHIELD OF MICH	642	127,199.08
09/24/2010	273198	PRIORITY HEALTH	4254	20,783.48

DATE RANGE TOTAL \* 1,316,036.56 \*

FROM: 09/15/2010 TO: 09/28/2010

NO	VENDOR NAME	TRANSFER DATE	AMOUNT	TRACE NUMBER	EFT BATCH CODE	BANK
77	B & B YARDSCAPE	09/17/2010	1,291.00	072000320000001	0000001	00
82	BLUE CARE NETWORK-GREAT LAKES	09/24/2010	56,987.90	072000320000001	0000001	00
83	DELTA DENTAL PLAN OF MI	09/24/2010	19,968.74	072000320000002	0000001	00
84	HARTFORD LIFE INSURANCE COMPANY	09/24/2010	8,071.36	072000320000003	0000001	00
78	KUSHNER & COMPANY, INC.	09/17/2010	376.38	072000320000002	0000001	00
79	ROBERTS, BRIAN	09/17/2010	94.00	072000320000003	0000001	00
80	ROBERTS, CHARLES D	09/17/2010	94.00	072000320000004	0000001	00
85	VISION SERVICE PLAN INSURANCE CO	09/24/2010	2,307.27	072000320000004	0000001	00
81	WEST, STEVE	09/17/2010	188.00	072000320000005	0000001	00

GRAND TOTAL: 89,378.65 NO. OF CHECKS: 9

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** September 27, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Michigan State Housing Development Authority Grant Application

**ACTION RECOMMENDED:** That City Council adopt the resolution to support the Michigan State Housing Development Authority Grant application in the amount of \$135,000 for the North Portage Home Buyer Purchase-Rehabilitation Program and authorize the Mayor and City Manager to execute all documents related to the application in the event the grant is awarded.

The Michigan State Housing Development Authority (MSHDA) has distributed a Notice of Funding Availability and will accept applications for Housing Resource Fund grants between September 20 and October 1, 2010. The Housing Resource Fund supports projects that promote affordable housing opportunities. A resolution of support from City Council and a public hearing (to be held by the Human Services Board on October 7, 2010) are required as part of the application process. Due to a delay by MSHDA in the availability of the application requirements, MSHDA staff has indicated it is acceptable to submit the City Council resolution and hold the public hearing after submittal of the application. The application was submitted prior to the October 1, 2010 deadline.

A Home Buyer Purchase-Rehabilitation (HPR) two-year grant application in the amount of \$135,000 has been prepared that will complement successful City of Portage housing programs through the Community Development Block Grant (CDBG) Program. The application is consistent with prior programs funded by MSHDA (a \$260,000 Housing Resource Fund grant in 2006 and a \$145,000 Neighborhood Stabilization Program grant in 2009).

Consistent with Housing Resource Fund application requirements, the North Portage Home Buyer Purchase-Rehabilitation Program will provide up to \$25,000 in assistance per housing unit for an eligible household to purchase and rehabilitate a single-family dwelling. A minimum of five projects can be funded with assistance provided in the form of a no-interest, deferred second mortgage loan through MSHDA. Up to \$10,000 in program administration costs incurred by the city will be recouped through a "developer fee" for each completed project. The neighborhoods in north Portage (see attached map) were selected based on the following:

- MSHDA Housing Resource Fund program criteria, which indicate residential areas should be near centers of commerce and community services and not too large to have a notable impact;
- MSHDA Neighborhood Stabilization Program criteria that includes areas with a relatively high future predicted foreclosure risk; and
- CDBG Program HUD-designated low to moderate-income neighborhoods.

It is recommended that Council adopt the accompanying resolution and authorize the Mayor and City Manager to execute all documents related to the application in the event the grant is awarded by MSHDA.

Attachments: Resolution  
North Portage Home Buyer Purchase-Rehabilitation Map and Resolution



**CITY OF PORTAGE  
KALAMAZOO COUNTY, MICHIGAN**

**RESOLUTION**

At a regular meeting of the City Council for the City of Portage, Kalamazoo County, Michigan held at the City Hall in said City on the \_\_\_\_\_ day of October, 2010 at 7:30 p.m. local time.

PRESENT:

ABSENT:

The following resolution was offered by:

COUNCILMEMBER: \_\_\_\_\_ and seconded by

COUNCILMEMBER: \_\_\_\_\_.

**RESOLVED** that the Portage City Council does hereby support the following project:

City of Portage two-year grant application submitted to the Michigan State Housing Development Authority for \$135,000 in grant funds and undertake the North Portage Home Buyer Purchase-Rehabilitation Program should state funds be made available.

All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

AYES: Councilmember \_\_\_\_\_

NAYS: Councilmember \_\_\_\_\_

ABSENT: Councilmember \_\_\_\_\_

**RESOLUTION DECLARED ADOPTED:**

\_\_\_\_\_  
James R. Hudson, City Clerk

CERTIFICATION

STATE OF MICHIGAN     )  
                                  )  
COUNTY OF KALAMAZOO )

I, the undersigned, the duly qualified City Clerk of the City of Portage, Kalamazoo County, Michigan, do hereby certify that the foregoing is a true and complete copy of a resolution adopted at a regular meeting of the City Council of said City, held on the \_\_\_ day of October, 2010 the original of which resolution is on file in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature this \_\_\_\_ day of October, 2010.

JAMES R. HUDSON, City Clerk

Prepared by:  
Randall L. Brown  
Portage City Attorney  
1662 East Centre Avenue  
Portage, MI 49002

Approved as to form:  
Date: 9-27-10  
CRB  
City Attorney

# CITY OF PORTAGE

# COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** September 24, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Recommended Budget Amendments - End of Fiscal Year Housekeeping

**ACTION RECOMMENDED:** That City Council amend the General Appropriations Act (budget) for the fiscal year ending June 30, 2011.

The normal government procurement process involves issuance of purchase orders to obtain goods and services necessary to provide service to citizens. Purchase orders specify description, quantity and price of the required goods. With each purchase order, an encumbrance is entered in the city accounting system to reserve budgeted funds to pay for the goods. As goods are received and the purchase orders paid, the encumbrances are removed. At the end of each fiscal year, open purchase orders and the encumbrances must be carried forward to the next fiscal year to reserve funds required to pay for goods and services already ordered. In effect, this is done by adding the reserved funds to the next annual budget. The "encumbrance carry forward" process is a standard practice in governmental accounting. City Charter Section 7.6(d) requires the production of this listing for approval by City Council.

The attached list shows the dollar value of the open purchase orders as of June 30, 2010, all of which are for necessary supplies and services. Receipt of these goods and services will require subsequent payment by the city. Council action in this amendment of the 2010-2011 budget is to move funds from the "Reserved for Encumbrances" account to the appropriate budget lines to allow payment for these goods and services in the 2010/2011 fiscal year.

It is recommended that Council amend the General Appropriations Act (budget) for the fiscal year ending June 30, 2011.

PO Number	Vendor Name	PO Carry Forward
51130	A-1 AMERICAN FLA	\$ 154.00
50736	AIRGAS GREAT LAKE	\$ 2,963.01
47461	ALLIED WASTE SER	\$ 14,839.27
49944	AMERICAN HYDROGE	\$ 995.05
49523	AMERICAN WATER W	\$ 330.00
50281	AQUATIC SERVICES	\$ 1,532.00
49350	AUTOMATIC DATA P	\$ 4,333.57
50899	AUTOMATIC MICROF	\$ 4,000.00
36495	AXE & ECKLUND, PC	\$ 2,000.00
50932	B & B YARDSCAPE	\$ 105.00
51019	B D N INDUSTRIAL	\$ 750.00
50761	BATTERIES PLUS	\$ 86.40
49888	BDO USA, LLP	\$ 1,950.00
47228	BLUE CARE NETWORK	\$ 100,000.00
46134	BLUE CROSS/BLUE	\$ 110,000.00
51094	BOOTH NEWSPAPERS	\$ 1,428.00
47200	BRATCHER & ASSOC	\$ 8,500.00
51279	BRATCHER & ASSOC	\$ 6,000.00
51317	BRATCHER & ASSOC	\$ 7,500.00
50007	BREAKAWAY BICYCLE	\$ 298.02
46801	C M P DISTRIBUTON	\$ 8,370.00
51092	C M P DISTRIBUTON	\$ 9,057.00
51111	C M P DISTRIBUTON	\$ 449.00
50965	CAMPBELL AUTO SU	\$ 170.56
50538	CAMPBELL MURCH M	\$ 1,836.40
50610	CAMPBELL MURCH M	\$ 800.00
47211	CHRISTENSEN & AS	\$ 2,500.00
51278	CHRISTENSEN & AS	\$ 6,000.00
51280	CHRISTENSEN & AS	\$ 5,000.00
51281	CHRISTENSEN & AS	\$ 2,500.00
47678	CINTAS CORPORATION	\$ 1,208.22
48761	CINTAS CORPORATION	\$ 313.55
48368	CITY OF KALAMAZO	\$ 86,900.42
49583	CITY OF KALAMAZO	\$ 481,555.41
34877	CITY OF PORTAGE	\$ 150,000.00
39031	CITY OF PORTAGE	\$ 112,500.00
39313	CITY OF PORTAGE	\$ 130,000.00
42735	CITY OF PORTAGE	\$ 197,000.00
43379	CITY OF PORTAGE	\$ 17,250.00
47132	CITY OF PORTAGE	\$ 17,500.00
51258	CITY OF PORTAGE	\$ 116,170.00
51259	CITY OF PORTAGE	\$ 159,241.00
51284	CITY OF PORTAGE	\$ 65,766.00
51285	CITY OF PORTAGE	\$ 200,000.00
48834	DIAPERS UNLIMITE	\$ 80.00
51207	DICKINSON, WRIGH	\$ 2,000.00
51311	EMERGENCY VEHICLE	\$ 4,250.00
50452	ETNA SUPPLY, INC	\$ 1,400.03
51136	HANSEN COLLISION	\$ 1,611.00
47197	HEINOWSKI APPRAI	\$ 8,500.00
47212	HEINOWSKI APPRAI	\$ 4,250.00

PO Number	Vendor Name	PO Carry Forward
47213	HEINOWSKI APPRAI	\$ 4,250.00
51319	HEINOWSKI APPRAI	\$ 8,000.00
50256	HI-TECH ELECTRIC	\$ 1,000.00
50381	HI-TECH ELECTRIC	\$ 1,400.00
51048	I S G	\$ 4,500.00
47704	IRRIGATOR, THE	\$ 1,000.00
51053	KALAMAZOO COUNTY	\$ 1,984.50
50091	KALAMAZOO LANDSC	\$ 176.25
50778	KALAMAZOO NEIGHB. HOUS.	\$ 3,150.00
48860	KALAMAZOO REGION	\$ 10,000.00
50954	KUHN'S YARD & GA	\$ 1,006.11
50073	LANGUAGE LINE, I	\$ 164.88
50953	LAWN PERFECT	\$ 412.72
50455	LOWE'S HOME CENT	\$ 1,076.50
50216	MCNALLY ELEVATOR	\$ 240.00
49416	MEIJER, INC., ST	\$ 190.23
49729	MENARDS, INC	\$ 162.08
50454	MENARDS, INC	\$ 1,242.90
46862	MICHIGAN PAVEMENT	\$ 7,882.55
49885	MICHIGAN PAVEMENT	\$ 5,405.20
50681	MUNIMETRIX SYSTEM	\$ 499.00
50699	NON-DESTRUCTIVE	\$ 1,250.50
48597	NORTHERN LAKE SE	\$ 15,295.00
48032	NOVELL, INC.	\$ 1,620.00
51103	P K CONTRACTING,	\$ 562.40
51023	PERRY BALLARD IN	\$ 1,900.00
49626	PETERS CONSTRUCT	\$ 26,212.87
50894	PLANTRONICS, INC	\$ 509.90
51313	PORTAGE COMMUNIT	\$ 13,540.33
50832	PORTAGE PUBLIC S	\$ 27,500.00
50919	POSTMAN, THE	\$ 600.00
49624	PREIN & NEWHOF	\$ 7,500.00
51194	PREMIER PAINTING	\$ 4,785.00
50868	PRIDE AMBULANCE	\$ 300.00
50935	PROFESSIONAL TRE	\$ 1,800.00
50983	PRO-FLEET	\$ 1,336.00
51147	PRO-FLEET	\$ 1,173.50
50973	PURITY CYLINDER	\$ 450.00
49211	QUALITY TRANSMIS	\$ 173.18
50223	RELIABLE MANAGEM	\$ 331.00
47597	REPUBLIC WASTE S	\$ 323.98
51058	REPUBLIC WASTE S	\$ 429.54
47242	RIDGE AUTO NAPA	\$ 64.65
50143	ROBERTS LANDSCAPE	\$ 500.00
51318	SABIN VALUATION	\$ 7,500.00
46205	SEVERANCE ELECTR	\$ 9,460.00
49722	SEVERANCE ELECTR	\$ 1,127.50
50389	SOFTBALL FANS, I	\$ 270.00
50535	ST. MICHAEL LUTH	\$ 90.00
48338	STATE SYSTEMS RA	\$ 25.09
49205	STATE SYSTEMS RA	\$ 1,856.60

PO Number	Vendor Name	PO Carry Forward
50471	T D S METROCOM,	\$ 8,704.00
51228	T M P ARCHITECTU	\$ 955.00
51232	T M P ARCHITECTU	\$ 700.00
45352	TERRA I/S, LLC	\$ 214.00
48892	UNITED WATER NAC	\$ 2,000.00
49143	UNITED WATER NAC	\$ 5,655.28
50032	UNITED WATER NAC	\$ 95,221.83
47208	VARNUM, RIDDERIN	\$ 9,800.00
50312	VESTAL BUILDERS	\$ 1,124.22
50501	WEST SHORE SERVI	\$ 5,600.00
50047	WIGHTMAN ENVIRON	\$ 3,350.00
49774	ZERO WASTE USA,	\$ 731.09
		<hr/>
		\$ 2,378,228.29

**CITY OF PORTAGE**

**COMMUNICATION**

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**TO:** Honorable Mayor and City Council

**DATE:** September 29, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** 2010 City Council Goal Setting Session

**ACTION RECOMMENDED:** That City Council establish November 12 and 13 as the dates of the 2010 City Council Goal Setting Session.

Arrangements are being made to hold the annual City Council Goal Setting Session on Friday, November 12 and Saturday, November 13 at the Gilmore House on the campus of Western Michigan University. A tentative schedule of activities and meeting materials will be provided in the near future.

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** September 23, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Local Development Finance Authority Annual Report -- Information Only

The Local Development Finance Authority (LDFA) convened a meeting on September 23, 2010 to review and approve the accompanying resolution conveying the Annual Financial Report for FY 2008-2009. The annual report contains historical and summary information about the activities within the Portage LDFA district and fulfills the reporting requirements established by Michigan statute.

As background, in 1990 the LDFA was established and tax increment revenue from The Upjohn Company (now Pfizer Incorporated) fine chemical processing plant (Building 335) was utilized to fund three infrastructure improvements: Romence Road extension (between South Westnedge Avenue and Lovers Lane), Milham Avenue water main and Bishop Road improvements. In 2003, the LDFA financing mechanism was again used and tax increment revenues from the Stryker Corporation new manufacturing, research and administration facilities along East Centre Avenue, East Milham Avenue and Sprinkle Road and from Pfizer Incorporated manufacturing upgrades at the Portage Road complex were used to finance land acquisition and public street, water and sewer improvements.

The projects financed through the Portage LDFA in 2003 are complete with the exception of Public Improvement/Activity Project #5 (the planned Haverhill Water Tower project) and Public Improvement/Activity Project #7 (Zylman Avenue street project). City Council approved a resolution in May 2009 that involved substituting the Haverhill Water Tower project (scheduled for completion in FY2014-15) for the previously planned water main extension across airport property and deferral of the Zylman Avenue improvements to a later date when necessary for access purposes.

As indicated in the FY 2008-2009 report, there is approximately \$9.9 million of principal and interest on the outstanding bonded indebtedness of the Authority. The captured assessed value of the private investments completed as part of the 2003 LDFA program by Pfizer Incorporated and the Stryker Corporation is more than \$41.3 million.

The accompanying LDFA Annual Financial Report has been prepared in conformance with statute and is provided to the City Council as information.

Attachments: LDFA Resolution and Annual Financial Report  
September 23, 2010 LDFA meeting minutes (draft)

c: Jeffrey M. Erickson, Director of Community Development

**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 23, 2010, at 8:00 a.m. at the City Hall, Portage, Michigan, there were:

PRESENT: Brooks, Corstange, Gardner, Seely, DeKam, Colestock, Ansari and Collins

ABSENT: Marshburn and Wenzel

The following preamble and resolution were offered by Ansari and supported by Colestock.

**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 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 Report on the Status of the Tax Increment Financing Plan attached hereto as Appendix A is approved.

2. The Director of the Authority is authorized to transmit said financial report 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: Brooks, Corstange, Gardner, Seely, DeKam, Colestock, Ansari and Collins

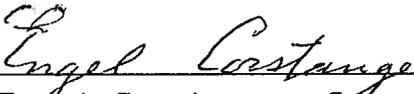
NAYS: None

ABSTAIN: None

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 23, 2010, 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.

  
\_\_\_\_\_  
Engel Corstange, Secretary

Dated: September 23, 2010

APPENDIX A

LOCAL DEVELOPMENT FINANCE AUTHORITY  
OF  
THE CITY OF PORTAGE

**2004 AMENDED DEVELOPMENT PLAN/TAX INCREMENT FINANCE PLAN**

FY 2008-09 ANNUAL FINANCIAL REPORT

As Approved by the Authority Board

on

September 23, 2010

## 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 3,000 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 &amp; 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
	<b>TOTAL \$8,600,000</b>	

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:** complete
- Public Improvement/Activity Project # 3:** complete
- Public Improvement/Activity Project #4:** complete
- Public Improvement/Activity Project #5:** Haverhill water tower improvements substituted
- Public Improvement/Activity Project # 6:** complete
- Public Improvement/Activity Project #7:** Pending further facility expansion by Stryker
- 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 08-09 and contains the information required by the Act.

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

Tax increment revenue	\$ 473,791
Interest	\$ 35,584
Total	<u>\$ 509,375</u>

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

In the LDFA Debt Service Fund there is \$ 1,864,203

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

Interest and paying agent fees on outstanding principal \$ 327,223

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

\$9,980,590 as of June 30, 2009

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

The initial value is established at \$ 21,061,140.

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

The captured value is established at \$ 41,385,373 for FY 2008-2009.

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 2008-2009 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, 2009  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2008**

	2009		Variance with Amended Budget + / (-)	2008 Actual
	Amended Budget	Actual		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 415,000	\$ 473,791	\$ 58,791	\$ 598,965
Interest on investments	30,000	35,584	5,584	47,392
Total revenues	445,000	509,375	64,375	646,357
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	140,000	140,000	-	140,000
Interest	327,799	327,223	576	325,789
Economic development	10,000	13,120	(3,120)	-
Total expenditures	477,799	480,343	(2,544)	465,789
Excess (deficiency) of revenues over expenditures	(32,799)	29,032	61,831	180,568
<b>OTHER FINANCING SOURCES</b>				
Transfers out:				
Capital Improvement Fund	-	-	-	(97,947)
Water Fund	-	-	-	(68,308)
Total other financing sources (uses)	-	-	-	(166,255)
Net change in fund balance	(32,799)	29,032	61,831	14,313
Fund balance - beginning	1,835,171	1,835,171	-	1,820,858
Fund balance - ending	\$ 1,802,372	\$ 1,864,203	\$ 61,831	\$ 1,835,171

**DRAFT**

**PORTAGE LOCAL DEVELOPMENT FINANCE AUTHORITY**

Thursday, September 23, 2010

The Portage Local Development Finance Authority meeting on September 23, 2010 was called to order at 8:05 a.m. in Conference Room #1 of Portage City Hall, 7900 South Westnedge Avenue.

MEMBERS PRESENT:

Rick DeKam; Dennis Brooks; Nasim Ansari; Karla Colestock; Jeff Gardner; Bob Seely; Michael Collins and Engel Corstange.

MEMBERS EXCUSED:

Tim Wenzel and Michael Marshburn

IN ATTENDANCE:

Christopher Forth, Deputy Director of Planning and Development Services.

APPROVAL OF MINUTES:

The minutes of the September 17, 2009 meeting were introduced for approval. A motion was offered by Gardner and seconded Ansari by to approve the meeting minutes as presented. The motion was unanimously approved.

BUSINESS:

1. Election of Officers. Per the Articles of Incorporation, officers are to be elected annually. The current slate of officers includes Tim Wenzel, Chair; Dennis Brooks, Treasurer; and Engel Corstange, Secretary. There was discussion of the continuation of the current officers and a motion was offered by Gardner, seconded by Collins that the current slate of officers continue and be reelected to the same positions for the coming year. The motion was unanimously approved.
2. Resolution Approving FY2008-09 Annual Financial Report. Forth summarized the communication to the Board concerning the annual report for the 2003 LDFA projects. Forth noted the revenue collected continues to slightly exceed the expenditures and, as a result, there is a fund balance of approximately \$1.8 million. The Board discussed use of the fund balance to complete the remaining two projects, which include improvements to Zylman Avenue and the Haverhill water tower. Forth indicated the city will complete the Zylman Avenue improvements when the Stryker Corporation completes the expansion project to the East Centre Avenue facility and the Haverhill water tower improvements are scheduled to be completed in FY2014-15. The Board also discussed the issue of declining taxable values and potential impact on the LDFA to repay the bonds that were sold to finance the projects. If the revenues collected are less than the expenditures, the City of Portage is obligated to finance the difference.

**DRAFT**

There being no further discussion, a motion was made by Ansari, seconded by Colestock, to approve the resolution, approving and authorizing the transmission of the FY2008-09 Annual Financial Report on the status of the tax increment financing plan. 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 8:20 a.m.

Respectfully Submitted,

Christopher Forth, AICP  
Deputy Director of Planning and Development Services

9/14/10



Mary Ann Borr  
7274 White Oak Circle  
Portage, Mi. 49002

Dear City of Portage Governing Board:

Not in my over 65 years of living in Portage have I ever voiced a complaint regarding an issue that I have felt strongly about.

However, when it was determined that the day care on Oakland Dr. was forced to paint over the shamrock on the roof of their business I was very concerned over that action. The shamrock was an eye-catching type of logo that helped people locate the business, and it was a quaint idea with a touch of hominess. I believe Portage residents liked the look.....

Again, I was recently very disappointed at your action regarding the bright green tea cup that sat outside the new Cho'co late business located just on Westnedge. (100% better than an empty building.) How people favorably talked about the tea cup and how it brightened up feelings of Portage residents. I could not believe the coverage on channel 3 TV and although it was done tastefully it certainly gave everyone a negative attitude about that ordeal. I attended several gatherings of Portage residents and that was the first topic of conversation. There was only discord and disbelief regarding this City of Portage action.

Our president on his last television broadcast said the way of the future is in the hands of the small business.....and whatever the government can do to aid in small business success must be done by the decision makers.

The general feeling of Portage residents, and I encourage you to go out and debate this with them is that our city does not support or look upon small business with friendliness and support. Both these issues should not have happened. If the law needs to be revised then REVISE IT. It doesn't matter how long it has been on the books, it can be changed for a more honest and support system in favor of the small business people.

Sincerely yours,

*Mary Ann Borr*

**ORDINANCE TO AMEND THE CODE OF ORDINANCES OF THE CITY OF PORTAGE, MICHIGAN BY AMENDING ARTICLE 2 OF CHAPTER 70, TAXATION, TO ADD DIVISION 8, HEARTHSTONE I & II APARTMENTS PROVIDING FOR A SERVICE CHARGE IN LIEU OF TAXES AND TO REPEAL DIVISIONS 2 AND 3 OF ARTICLE 2.**

THE CITY OF PORTAGE ORDAINS:

That Article 2 of Chapter 70, Taxation, is hereby amended to add Division 8, Hearthstone I & II Apartments:

**DIVISION 8. HEARTHSTONE I & II APARTMENTS**

**Section 70-231. Preamble and intent.**

A. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for its citizens of low income and to encourage the development of such housing by providing a service charge in lieu of property taxes in accordance with the State Housing Development Authority Act (1966 PA 346 as amended). The City of Portage is authorized by this Act to establish or change the service charge to be paid in lieu of taxes by any or all classes of housing exempt from taxation under this Act at any amount it chooses, not to exceed the taxes that would be paid but for the Act.

B. The City of Portage acknowledges that Portage Hearthstone Limited Divided Housing Association Limited Partnership (the "Sponsor") has offered, subject to receipt of a Mortgage Loan from the Michigan State Housing Development Authority, to rehabilitate, own and operate a housing development identified as Hearthstone I & II Apartments on certain property located in the City of Portage to serve persons of low income and that the Sponsor has offered to pay the City on account of this housing development an annual service charge for public services in lieu of all taxes.

**Section 70-232. Definitions.**

The following words, terms and phrases, when used in this Division, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

- A. *Act* means the State Housing Development Authority Act (MCL 125.1401 et seq.).
- B. *Annual shelter rent* means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electric, heat or other utilities furnished to the occupants.
- C. *Authority* means the Michigan State Housing Development Authority.
- D. *Housing development* means a development which contains a significant element of housing for persons of low or moderate income and such elements of other housing, commercial, recreational, industrial, communal and educational facilities as the Authority determines to improve the quality of the development as it relates to housing for persons of low or moderate income.
- E. *Low income persons and/or families* shall have the same meaning as contained in the Act.

- F. *Mortgage Loan* means any loan to be made by the Authority to the Sponsor for the construction and/or permanent financing of a housing development.
- G. *Senior Citizen* means those persons exempted under section 501(1)(c) of Public Act No. 453 of 1976 (MCL 37.2503(1)(c), MSA 3.548(503), (1)(c)) whose income does not exceed 60 percent of the county area median income, adjusted for family size.
- H. *Sponsor* means persons who have applied to the Authority for a Mortgage Loan to finance a housing development. The term "Sponsor" includes all transferees, successors, assigns and heirs.

**Section 70-233. Exemption of senior citizen housing developments.**

It is hereby determined that the class of housing developments to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes under this Division shall be senior citizen housing developments which are financed or assisted pursuant to the act (MCL 125.1401 et seq.). It is further determined that the housing development known as Hearthside I & II Apartments is of this class.

**Section 70-234. Amount of service charge on part of development occupied by senior citizens.**

The housing development identified as The Hearthside I & II Apartments and the property on which it shall be located shall be exempt from all property taxes from and after the issuance of a certificate of occupancy for rehabilitation. The city, acknowledging that the Sponsor and the Authority have established the economic feasibility of the housing development in reliance upon the enactment and continuing effect of this Division and the qualification of the housing development for exemption from all property taxes and a payment in lieu of taxes as established in this Division, and in consideration of the Authority's offer to the Sponsor to make a Mortgage Loan to finance the Sponsor's rehabilitation of the housing development, subject to the satisfaction of all the terms and conditions of its loan commitment to the Sponsor, hereby agrees to accept payment of a service charge for public services in lieu of all property taxes from the Sponsor. The annual service charge shall be six (6%) percent of the annual shelter rents on that part of the housing development which is occupied by senior citizens collected by the Sponsor for 15 years of operation after the issuance of a certificate of compliance, but in any event not less than \$53,624.00. Thereafter, for the 16th through the 35th year, the annual service charge shall be reviewed, and if the Mortgage Loan from the Authority is still in effect, the annual service charge and minimum payment stated in this section shall not change.

**Section 70-235. Amount of service charge on part of development occupied by other than senior citizens.**

Notwithstanding section 70-234, the service charge to be paid each year in lieu of taxes for that part of the housing development which is tax exempt and which is occupied by other than senior citizens shall be equal to the full amount of the taxes which would be paid on that portion of the housing development if the housing development were not tax exempt.

**Section 70-236. Payment of service charge.**

The service charge in lieu of taxes, as determined according to this Division, shall be payable, enforceable and, if not paid timely, collectible in the same manner as general property taxes are payable to the city, except that the annual payment shall be made as follows:

- (1) The minimum payment of \$53,624.00 is due on or before December 31 of each year.
- (2) All additional amounts owing from the December 31<sup>st</sup> payment of the previous year, as determined to be owing based on an audit, is due on or before by July 1 of each year.

**Section 70-237. Verification of annual shelter rent.**

The Sponsor shall verify annual shelter rent revenues to the city with a statement of profit and loss as reported to the State Housing Development Authority or other form of financial deemed suitable by the city.

**Section 70-238. Effective period of Division.**

This Division shall:

- (1) Become effective only after Sponsor receives and closes a Mortgage Loan, and
- (2) Shall remain in effect and shall not terminate so long as a Mortgage Loan remains outstanding and unpaid or the Michigan State Housing Development Authority has any interest in the property, provided that rehabilitation of the housing development commences within one year from the effective date of the ordinance codified in this Division. Upon satisfaction in full of the Authority Mortgage Loan, this Division shall automatically terminate.

**Section 70-239. Contractual effect of Division.**

Notwithstanding the provisions of Section 15(a)(5) of the act (MCL 125.1415a(5)), to the contrary, a contract between the city and the State Housing Development Authority with the Sponsor as third party beneficiary under the contract to provide tax exemption and accept payments in lieu of taxes, as described in this Division is effectuated by enactment of this Division.

**Section 70-240. Severability.**

The various sections and provisions of this Division shall be deemed to be severable, and should any section or provision of this Division be declared by any court of competent jurisdiction to be unconstitutional or invalid the same shall not affect the validity of the Division as a whole or any section or provision of this Division other than the section or provision so declared to be unconstitutional or invalid.

**Section 70-241. Repealer of Division 2 and 3 of Article 2, Chapter 70.**

Sections 70-51 through 70-57 of Article 2, Chapter 70 (Hearthside Manor) and Sections 70-81 through 70-88 of Article 2, Chapter 70, (Hearthside II) shall be repealed in their entirety on the effective date (as provided in Section 70-238 (1)) of this Amendment.

\_\_\_\_\_  
Peter J. Strazdas, Mayor

FIRST READING: \_\_\_\_\_  
SECOND READING: \_\_\_\_\_  
ORDINANCE #: \_\_\_\_\_

EFFECTIVE DATE:

CERTIFICATION

I, James R. Hudson, do hereby certify that I am the duly appointed and acting City Clerk of the City of Portage and that the foregoing ordinance was adopted by the City of Portage on the \_\_\_day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
James R. Hudson, City Clerk

PREPARED BY:  
Randall L. Brown (P34116)  
City Attorney  
1662 East Centre Avenue  
Portage, MI 49002

Approved as to Form:

Date: 9/15/2010  
\_\_\_\_\_  
City Attorney

# CITY OF PORTAGE

# COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** September 13, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Tax Exemption for Hearthside Apartments I & II

**ACTION RECOMMENDED:** That City Council accept for first reading an ordinance to amend the Codified Ordinances of the City of Portage to grant Portage Hearthside Limited Dividend Housing Association Limited Partnership a tax exemption, establish a payment in lieu of taxes for the Hearthside Apartments I & II and take final action on October 5, 2010.

The attached communication from Community Development Director Erickson explains a request from Portage Hearthside Limited Dividend Housing Association Limited Partnership (Portage Hearthside) for a tax exemption for the acquisition and rehabilitation of Hearthside Apartments I & II, a 161-unit senior housing complex located at 7695 and 7755 Currier Drive. When constructed between 1989 and 1991, the city adopted ordinances that provided a tax exemption and established a Payment in Lieu of Taxes (PILOT) that requires payment to the city equal to five percent of the annual shelter rent. The city has also adopted PILOT ordinances for the Spring Manor Apartments, Centre Street Village Apartments, The Crossings II Apartments and Barrington Woods Apartments.

The Portage Hearthside project will involve a \$7 million rehabilitation, financed with mortgages, Low Income Housing Tax Credits and other funds through the Michigan State Housing Development Authority (MSHDA), including federal funds provided through the American Recovery and Reinvestment Act. As a condition of financing approval from MSHDA, a City of Portage PILOT ordinance equal to six percent of annual shelter rents is necessary. The program also requires all dwelling units to be rented to senior citizens, and 128 of the 161 units to be rented at rates affordable to low-income households. The remaining 32 units will be rented at market rates. One unit will be reserved for an on-site manager.

The request by Portage Hearthside has been carefully reviewed. A tax abatement and PILOT equal to six percent of annual shelter rent for this project is recommended. The proposal is consistent with the City Council quality of life goal to ensure decent and safe housing and improve neighborhood livability. This action is also consistent with the 2005-09 Consolidated Plan, which has been accepted by the City Council and approved by the U.S. Department of Housing and Urban Development as part of the Community Development Block Grant program.

It is recommended that Council accept the application and proposed ordinance for first reading and take final action on the ordinance on October 5, 2010.

Attachment: Department of Community Development Communication

# CITY OF PORTAGE

# COMMUNICATION

**TO:** Maurice S. Evans, City Manager

**DATE:** September 10, 2010

**FROM:** Jeffrey M. Erickson, Director of Community Development

**SUBJECT:** Tax exemption for Hearthside Apartments I & II

## Introduction

Portage Hearthside Limited Dividend Housing Association Limited Partnership (Portage Hearthside) has requested a property tax exemption for the acquisition and rehabilitation of the Hearthside Apartments I & II, a 101-unit multiple-family residential development for low-income senior citizens at 7695 and 7755 Currier Drive. The development was built in two-phases: the Hearthside Apartments I (formerly Hearthside Manor) was constructed in 1989, and the Hearthside Apartments II was constructed in 1991. When both phases were initially constructed, to facilitate the affordable housing development, the city adopted ordinances that provided a tax exemption, and established a Payment in Lieu of Taxes (PILOT) that required payment to the city equal to five percent of the annual shelter rent for the development as permitted by State Housing Development Authority Act (Public Act 346 of 1966, as amended). The city has adopted PILOT ordinances for the construction of other multiple-family developments that include Spring Manor on Mall Drive, Centre Street Village Apartments on East Centre Avenue, The Crossings II Apartments on Shaver Road, and most recently, for the rehabilitation of Barrington Woods Apartments on Barrington Drive in 2006.

As outlined in the correspondence from Portage Hearthside, the project will involve a substantial rehabilitation of the development estimated at \$7 million, which will be financed with mortgages, Low Income Housing Tax Credits, and other funds through the Michigan State Housing Development Authority (MSHDA), which include federal funds provided through the American Recovery and Reinvestment Act. As a condition of financing approval from MSHDA, a City of Portage PILOT ordinance equal to six percent of annual shelter rents is necessary.

As a program requirement, all dwelling units will be rented to senior citizens, and 128 of the 161 units will be rented at rates affordable for low income households: 10 units will be available to households at 30% of the Area Median Income (AMI); 49 units will be rented to households at or below 45% of AMI; and 69 units will be rented to households at or below 60% AMI. The remaining 32 units will be rented at market rates, and one unit is reserved for an on-site manager. With regard to the market rate units, 10 of the 32 market rate units will be rented at the same rate as the equivalent unit rented to a household at or below 60% AMI. According to Portage Hearthside, the remaining 22 units will be rented at slightly higher rates, but will remain affordable to current residents, whose household incomes now exceed the limits established by the Low Income Housing Tax Credit program.

## Michigan Public Act 346 of 1966

MSHDA was created and tax exemptions and Payment of Lieu of Taxes were permitted for certain housing developments. Act 346 stipulates: 1) that a tax exemption granted for eligible projects remains in effect for as long as the authority or federally-aided mortgage is outstanding; 2) any payments in lieu of taxes received by the city must be distributed to the affected taxing units in the same proportion as the

property tax in the previous calendar year; and 3) the city establish a service charge to be paid in lieu of taxes in order to implement the tax exemption for the eligible housing project. The service charge is negotiable, but may not exceed the property tax that would be paid without a service charge.

The current five percent PILOT ordinances will remain in effect until 2019 and 2021, should the proposed acquisition and rehabilitation project not come to fruition. The city proposed a graduated PILOT ordinance that increases over the life of the MSHDA financing from four percent to seven percent, consistent with the Barrington Woods and the Crossings II Apartments PILOT ordinances. However, MSHDA and Portage Hearthside indicated a graduated PILOT would not be acceptable for project underwriting purposes, but agreed to increase the current PILOT rate from five to six percent of annual shelter rent revenues.

### **Project Benefits and Costs**

There are a number of community benefits made possible by this project:

- The project fulfills goals of the 2005-2009 Consolidated Plan approved by City Council, as part of the Community Development Block Grant program;
- The project will fulfill the goal to partner with for-profit and non-profit developers by providing a Payment in Lieu of Taxes incentive to help meet financing requirements for affordable housing;
- Approval of the proposed project would demonstrate the continued commitment on the part of the city to enhance the range of housing choice for low income and special needs residents;
- Based on data included in the Consolidated Plan, there are approximately 5,700 low income households in Portage that have a housing cost burden, and 55.6 percent of elderly renters have a housing cost burden, while 11.6 percent of elderly home owners have a housing cost burden.
- The project is consistent with the Comprehensive Plan and rehabilitation will result in improvement to the property and will facilitate a \$7 million investment, which will also create and retain jobs, consistent with the goals of the American Recovery and Reinvestment Act.

The current PILOT results in \$10,518 in annual revenue to the city and \$52,592 for all units of governments (based on the most recent five-year average PILOT payments).

As with all developments, there are costs to the City of Portage and other taxing jurisdictions to provide municipal services. In this case, and with similar housing developments, costs also include foregone tax revenues due to the existing and proposed PILOT. The service costs for the development include public safety and general government services, and the cost per dwelling to the city for a multiple-family development has been estimated by the Finance Department as shown in the following table.

<b>General Fund</b>	<b>Estimated Cost Per Unit</b>
Police	\$195
Fire	\$96
Other	\$200
Subtotal	\$491
<b>TOTAL COST (161 units)</b>	<b>\$79,051</b>

With regard to foregone tax revenue, the development has been tax exempt since its construction. Based on a recent post-rehabilitation appraisal of the property provided by the applicant, and reviewed by the Office of City Assessor, the property, if not tax exempt, would have an estimated annual Ad-Valorem Tax Liability of \$163,035. The table on the top of page 3 illustrates annual foregone tax revenue for all taxing units, compared to average tax revenue (over 35-years) that would be received from the proposed PILOT.

<b>Taxing Unit</b>	<b>Estimated Annual Tax Revenue Without Tax Exemption/PILOT</b>	<b>Annual Revenue with PILOT</b>
City of Portage	\$32,734	\$14,341
State Education	\$17,400	\$7,623
School Operating	\$52,200	\$22,868
School Building/Debt	\$14,616	\$6,403
Portage District Library	\$4,350	\$1,906
KVCC	\$8,159	\$3,574
KRESA	\$14,084	\$6,170
Kalamazoo County	\$17,795	\$7,796
County Transport	\$1,160	\$508
County Juvenile	\$537	\$235
	\$163,035	\$71,423

NOTE: The minimum PILOT payment proposed by the ordinance amendment is \$53,624, but the PILOT payment is projected to increase to \$112,034 over the 35-year period of the PILOT.

The estimated annual cost of services incurred by the City of Portage is \$79,051 compared to the \$71,423 average annual revenue that would be received with the proposed PILOT. Service costs for the existing development are not anticipated to increase with the proposed acquisition and rehabilitation project.

**Review/Recommendation**

The Department of Community Development has reviewed the application, and discussed the project with the applicant and MSHDA. The Office of the City Attorney has prepared the ordinance, also in consultation with MSHDA establishing a tax abatement and PILOT for City Council review and consideration. A tax exemption with a six percent PILOT is recommended as referenced in the attached amendment to Chapter 70, Article 2, Division 8 of the Code of Ordinances. The proposed ordinance, if adopted, would also repeal the PILOT in Division 2, for Hearthside Manor and the PILOT in Division 3, for Hearthside II.

Attachments: Vicinity Map  
Correspondence from Portage Hearthside LDHA LP dated July 7, 2010 and July 26, 2010  
Correspondence from MSHDA dated August 26, 2010  
Proposed PILOT Ordinance

c: Deputy City Manager Brian J. Bowling  
City Attorney Randy Brown  
Deputy Director Vicki Georgeau



*Portage Hearthside LHDA LP*  
834 King Highway, Suite 100  
Kalamazoo, MI 49001-2578  
(269)-381-0350  
(269) 978-2053 fax

**RECEIVED**  
JUL 14 2010  
COMMUNITY DEVELOPMENT

July 7, 2010

Vicki Georgeau, AICP  
Deputy Director of Neighborhood Services  
City of Portage  
7900 South Westnedge Avenue  
Portage, MI 49002

RE: Hearthside Apartments I & II PILOT Request

Dear Ms. Georgeau:

Portage Hearthside Limited Dividend Housing Association Limited Partnership would like to respectfully request a Payment In Lieu of Taxes (PILOT) for the Hearthside I & II Apartments, an existing senior development located on Currier Drive.

The Hearthside Apartments is a two phase development housing the elderly since 1990. Phase I is a 100-units that was originally financed in 1990 with a MSHDA Mortgage using their Taxable Bond Program along with the 9% Low Income Housing Tax Credits. It is comprised of 70- One Bedroom, 1 bath; 30- Two Bedroom, 1 bath single story townhouses plus one three bedroom, two bath manager's unit located in the community building. Phase II is comprised of 60-One Bedroom, 1 bath apartments. Phase II was originally financed in 1992 with a MSHDA Mortgage.

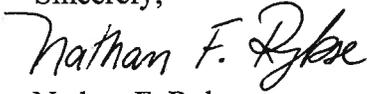
The acquisition and subsequent rehabilitation of Hearthside will help sustain the much needed affordable housing for the seniors in the Portage community. The tenants we currently serve are those whose incomes are at 60% AMI. As noted in the attached proforma, we will be serving a tenant mix of 10 units at 30% AMI, 49 units at 45% AMI, and 69 units at 60% AMI. The remaining 32 units will be at "market rate"; this will allow existing tenants to remain in place, paying rents at or near their current levels. In addition to a MSHDA Mortgage of \$4,364,564, they are also putting a TCAP (Tax Credit Assistance Program) Loan of \$4,462,640 and Section 1602 Funds of \$4,462,639. We will be syndicating the equity through the 4% Low Income Housing Tax Credits with the Great Lakes Capital Fund. With the current availability of soft money by our State Housing Authority, the contribution of a PILOT by the City of Portage truly makes this a joint venture by all levels of government.

As you are aware, Hearthside currently has a 5% PILOT. We ran the idea by MSHDA of a graduated PILOT, similar to what was done at Barrington Woods. The graduated PILOT was strongly discouraged. We are therefore requesting a 6% PILOT for the entire 35-year mortgage for the new entity which we have calculated to be approximately \$53,624 annually. The 6% or less also qualifies the development for a Priority One Level for subordinate financing which consists of the TCAP and Section 1602 Funds as noted above.

In summary, it is our desire to provide sustainable, affordable and high quality senior housing in the Portage Community. It is our current goal of getting MSHDA Board Approval at their August Board Meeting and anticipate beginning rehabilitation in the fall. We are estimating a one year completion of the rehab.

Please feel free to contact me at 269-381-0350 or Warren Dean, our legal counsel at 248-506-3222 with any questions you may have.

Sincerely,

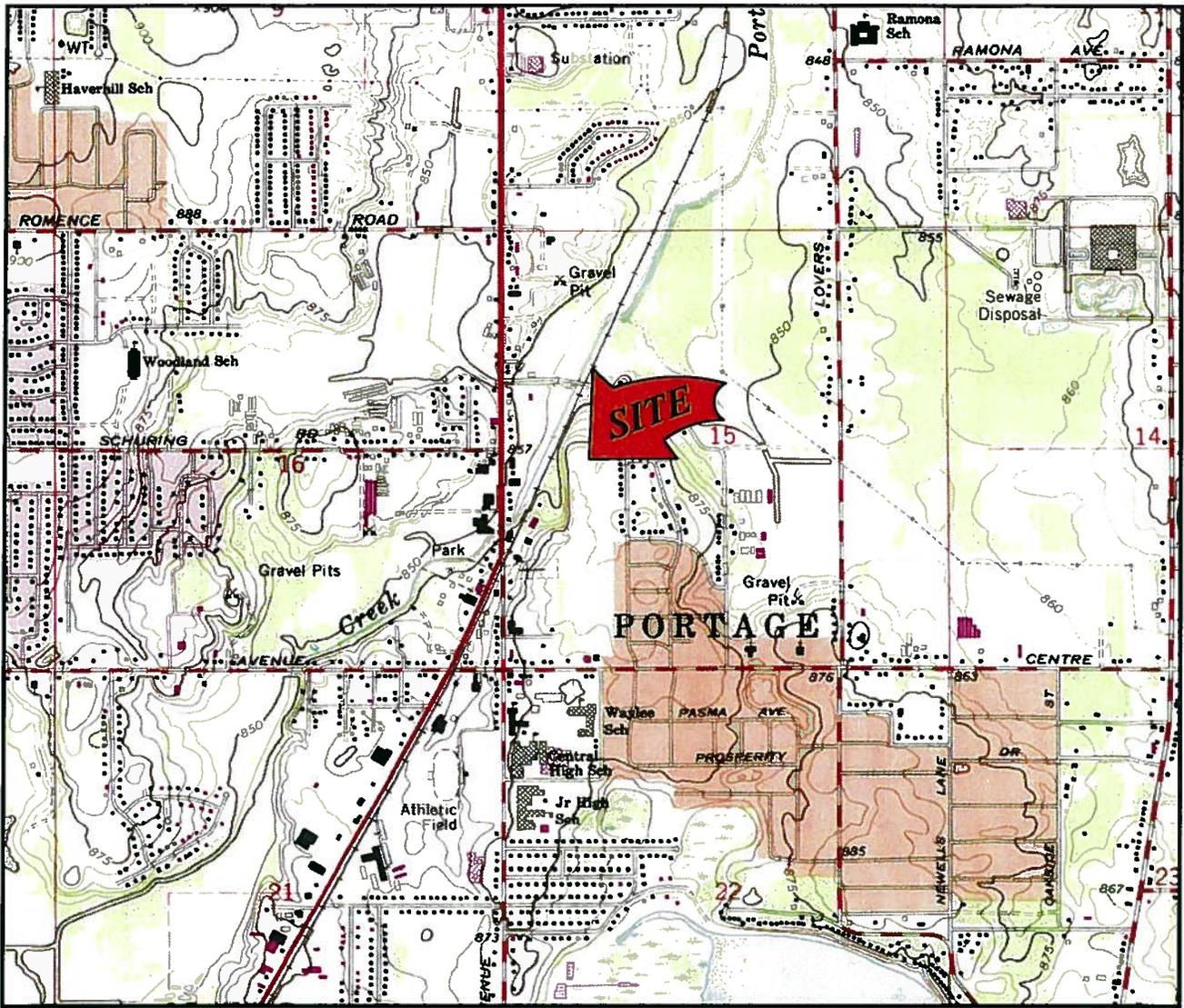


Nathan F. Rykse  
Development Coordinator

Cc: Jeffrey M. Erickson, Director of Community Development  
Warren T. Dean  
Tom Penland, CFO, Medallion Management

Attachments:

Site Map  
Financial Projections



6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

T: 3S, R: 11W, Sec. 15

# KALAMAZOO COUNTY



MICHIGAN QUADRANGLE LOCATION

SCALE 1:24,000



**FIGURE 1**  
**PROPERTY VICINITY MAP**  
**USGS, 7.5 MINUTE SERIES**  
**PORTAGE, MI QUADRANGLE, 1967. PHOTO REVISED 1973**



**PM ENVIRONMENTAL, INC.**  
 CONSULTING ENGINEERS AND SCIENTISTS  
 3340 RANIER ROAD, LANSING, MI 48906  
 TEL: (517) 321-3331

ISO 9001 REGISTERED

PROJ:  
**HEARTHSIDE APARTMENTS**  
**7566 CURRIER DRIVE**  
**PORTAGE, MI**

**THIS IS NOT A LEGAL SURVEY**

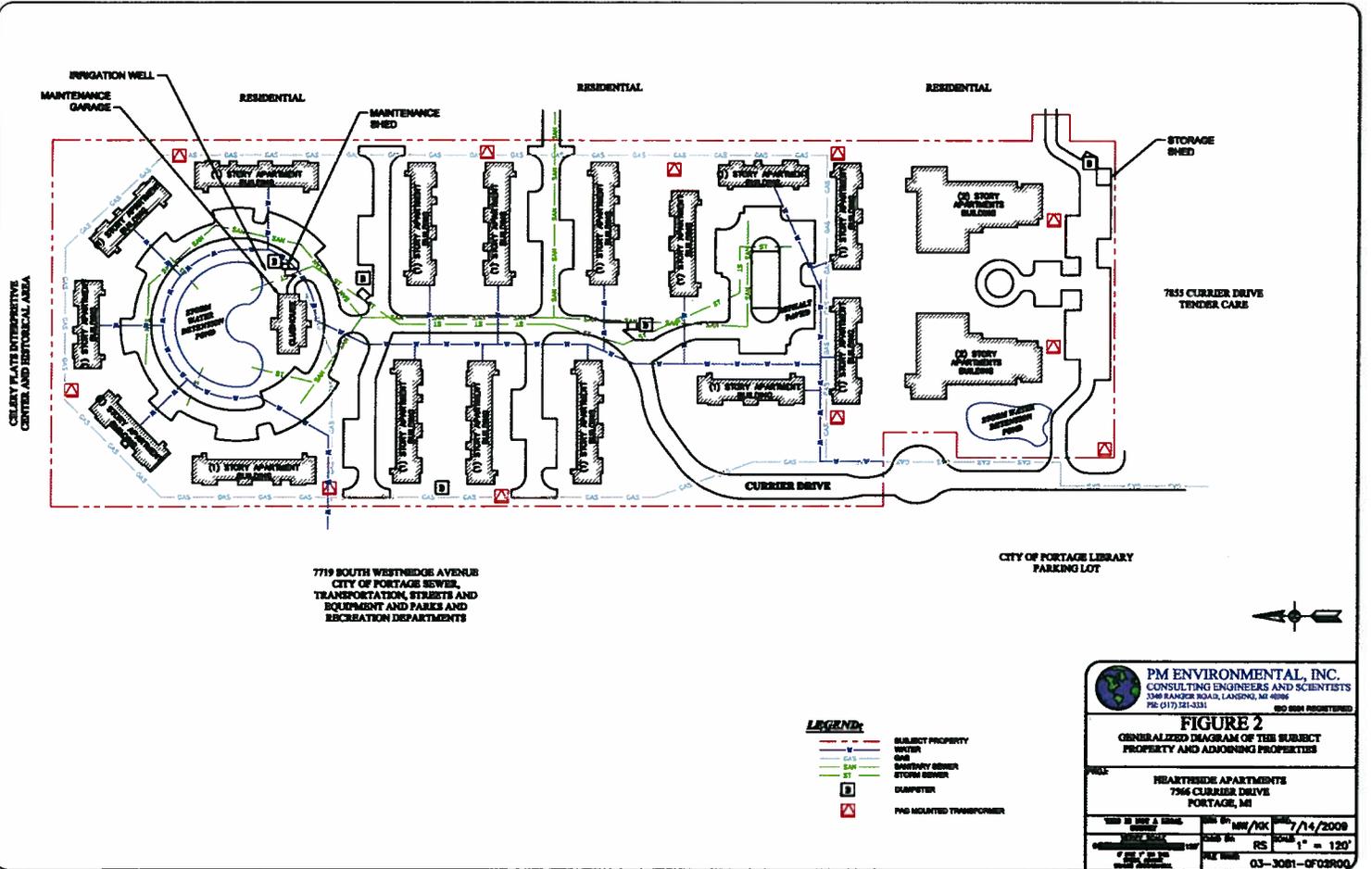
**VERIFY SCALE**  
 0 1"

**IF NOT 1" ON THIS SHEET, ADJUST SCALES ACCORDINGLY.**

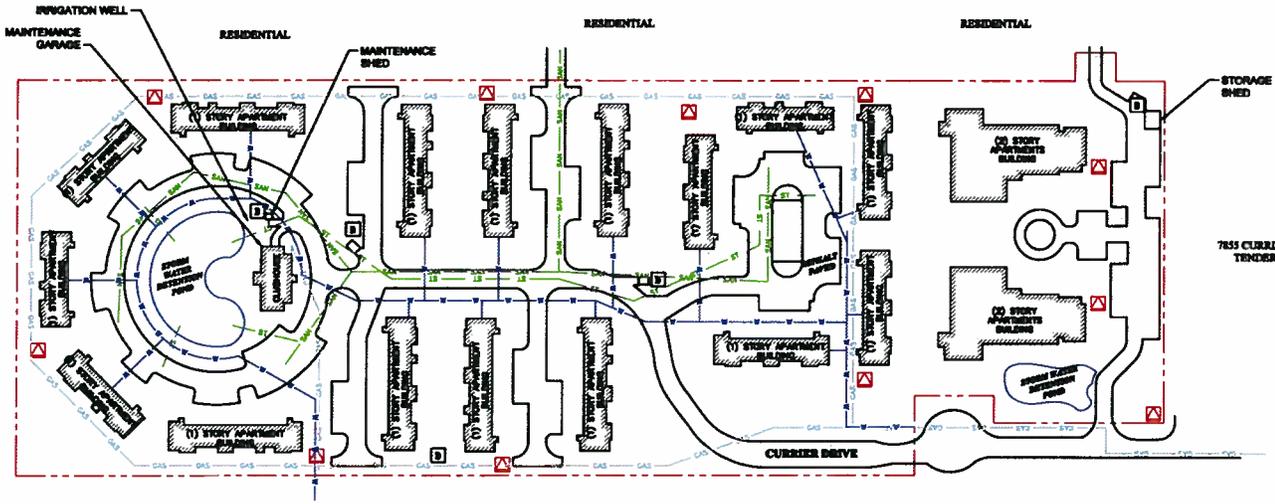
DRN BY: MW DATE: 6/29/2009

CHKD BY: RS SCALE: 1" : 24,000'

FILE NAME: 03-3081-0F01R00



CELERY PLATE INTERPRETIVE CENTER AND HISTORICAL AREA



7719 SOUTH WESTRIDGE AVENUE  
CITY OF PORTAGE SEWER,  
TRANSPORTATION, STREETS AND  
EQUIPMENT AND PARKS AND  
RECREATION DEPARTMENTS

CITY OF PORTAGE LIBRARY  
PARKING LOT



**LEGEND:**

- SUBJECT PROPERTY
- WATER
- GAS
- SEWER
- STORM SEWER
- D DUMPSTER
- ⚡ PNO ISOLATED TRANSFORMER

<b>PM ENVIRONMENTAL, INC.</b> CONSULTING ENGINEERS AND SCIENTISTS 1368 BAKER ROAD, LANSING, MI 48906 TEL: (313) 351-3331	
<b>FIGURE 2</b> GENERALIZED DIAGRAM OF THE SUBJECT PROPERTY AND ADJOINING PROPERTIES	
<b>PROJECT:</b> HEARTHSE APARTMENTS 7566 CURRIER DRIVE PORTAGE, MI	
DATE: 7/14/2008 DRAWN BY: NAW/NJK CHECKED BY: RS SCALE: 1" = 120' FILE NAME: 03-3081-0203R00	SHEET NO.: 7/14/2008 DRAWN BY: NAW/NJK CHECKED BY: RS SCALE: 1" = 120' FILE NAME: 03-3081-0203R00

Income Limits for Kalamazoo County (Effective May 14, 2010)						
	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person
30% of area median	12,810	14,640	16,470	18,300	19,770	21,240
40% of area median	17,080	19,520	21,960	24,400	26,360	28,320
50% of area median	21,350	24,400	27,450	30,500	32,950	35,400
60% of area median	25,620	29,280	32,940	36,600	39,540	42,480

Development	Type	Preliminary Assessment	Date	Type	Preservation	Rental Income	Unit	No. of Units	Type	Bedrooms	Baths	Net Sq. Ft.	Contract Rent	Utilities	Total Housing Expense	% of Gross Rent	% of Gross Rent	% of Total Units	Gross Square Feet	% of Total Square Feet	Allowed Housing Expense	Rent Limited By	Differential (Under/over)	Differential %	Effective AMI%	Contract Rent/Sq. Foot
60% Senior																										
A - Phase I	33	Townhome	1	1.0	658	609	77	686	241,164	23.0%	20.5%	21,714	19.2%	652	95% of TC Rent	(34)	-5.22%	60.0%	\$0.93							
B - Phase I	12	Townhome	2	1.0	829	655	89	744	94,320	9.0%	7.5%	9,948	8.8%	782	95% of TC Rent	38	4.86%	54.2%	\$0.79							
C - Phase II	24	Apartment	1	1.0	700	589	69	668	172,512	16.4%	14.9%	16,800	14.9%	652	95% of TC Rent	(16)	-2.45%	56.4%	\$0.86							
45% Senior																										
A - Phase I	20	Townhome	1	1.0	658	437	77	514	104,860	10.0%	12.4%	13,160	11.7%	515	TC Rent	1	0.19%	44.9%	\$0.66							
B - Phase I	5	Townhome	2	1.0	829	528	89	617	31,680	3.0%	3.1%	4,145	3.7%	618	TC Rent	1	0.16%	45.0%	\$0.64							
C - Phase II	24	Apartment	1	1.0	700	445	69	514	128,160	12.2%	14.9%	16,800	14.9%	515	TC Rent	1	0.19%	44.9%	\$0.64							
30% Senior																										
A - Phase I	6	Townhome	1	1.0	658	266	77	343	19,152	1.8%	3.7%	3,948	3.5%	343	TC Rent	0	0.00%	30.0%	\$0.40							
B - Phase I	2	Townhome	2	1.0	829	322	89	411	7,728	0.7%	1.2%	1,658	1.5%	412	TC Rent	1	0.24%	29.9%	\$0.39							
C - Phase II	2	Apartment	1	1.0	700	274	69	343	6,576	0.6%	1.2%	1,400	1.2%	343	TC Rent	0	0.00%	30.0%	\$0.39							
Market Rate Units																										
A - Phase I	11	Townhome	1	1.0	658	620	77	697	81,840	7.8%	6.8%	7,238	6.4%	N/A	N/A	N/A	N/A	60.9%	\$0.94							
B - Phase I	11	Townhome	2	1.0	829	675	89	764	89,100	8.5%	6.8%	9,119	8.1%	N/A	N/A	N/A	N/A	55.7%	\$0.81							
C - Phase II	10	Apartment	1	1.0	700	599	69	668	71,880	6.9%	6.2%	7,000	6.2%	N/A	N/A	N/A	N/A	58.4%	\$0.86							
Mgrs	1																									
Total Units	161																									

Gross Rent Potential	1,048,992	HOME Units SF/Total Units SF	0.0%
Average Monthly Rent	543	# HOME Units# Total Units	0.0%
Gross Square Footage	112,930		

Annual Non-Rental Income	Misc. and Interest	Laundry	Carports	Other:	Total	Tenant-Paid Utility Allowances			Total	Override
						Electricity	Gas	Water/Sewer		
A					77	35	42		77	
B					89	39	50		89	
C					69	37	32		69	
D	11,280				0				0	
E					0				0	
F					0				0	
G					0				0	
H					0				0	
Total					11,280					

	Annual	Monthly
Total Income	1,048,992	87,416
Rental Income	11,280	940
Non-Rental Income	1,060,272	88,356

Development Hearthside I & II  
 Financing Tax Exempt  
 Stimulus Type 4% Equity Support  
 MSHDA No. 836-2

Use Revenue Page: Standard

Step Preliminary Assessment  
 Date 06/02/2010  
 Type Preservation

**Mortgage Assumptions:**

Debt Coverage Ratio 1.25  
 Mortgage Interest Rate 6.750%  
 Pay Rate 6.750%  
 Mortgage Term 35 years

**Total Development Income Potential**

	Per Unit	Total
Annual Rental Income	6,515	1,048,992
Annual Excess Section 8	0	0
Annual Non-Rental Income	70	11,280
Total Project Revenue	6,586	1,060,272

**Total Development Expenses**

Vacancy Loss	8.00% of annual rent potential	521	83,919
Management Fee	456 per unit per year	574	73,416
Administration		727	117,054
Project-paid Fuel		62	10,000
Common Electricity		190	30,611
Water and Sewer		191	30,725
Operating and Maintenance		922	148,520
Real Estate Taxes		0	
Payment in Lieu of Taxes (PILOT)	6.00%	333	53,624
Insurance		254	40,922
Replacement Reserve	350 per unit per year	350	56,350
Other: Employee Benefits/Worker's Comp.		107	17,236
Other:		0	

Initial Inflation Factor	Beginning in Year	Future Inflation Factor
1.0%	6	2.0%
1.0%	6	2.0%
Future Vacancy		
	1	8.0%
3.0%	1	3.0%
3.0%	1	3.0%
6.0%	6	3.0%
6.0%	6	3.0%
6.0%	6	3.0%
3.0%	1	3.0%
3.0%	1	3.0%
3.0%	1	3.0%

	% of Revenue		
<b>Total Expenses</b>	62.47%	<b>4,114</b>	<b>662,378</b>
Base Net Operating Income (excludes Excess Section 8)		2,471	397,894
Part A Mortgage Payment	30.02%	1,977	318,316
<b>Part A Mortgage</b>		<b>26,514</b>	<b>4,268,682</b>
Non MSHDA Financing Mortgage Payment		0	
<b>Non MSHDA Financing Type:</b>		<b>0</b>	
Base Project Cash Flow (excludes ODR and Part B)	7.51%	494	79,579

<b>Level Debt Service and Part B Loan Analysis</b>			
Part B Term In Months			0
Part B Debt Coverage Ratio			1.00
Level Debt Service Requirement		0	
Excess Section 8 Income	0.00%	0	0
Part B Mortgage Payment		0	0
<b>Part B Mortgage</b>		<b>0</b>	<b>0</b>
Part B Deficit/Sinking Fund			0

Summary	Annual Payment		Total Loan Amount	
	Per Unit	Total	Per Unit	Total
Part A Mortgage	1,977	318,316	26,514	4,268,682
Part B Mortgage	0	0	0	0
<b>Total Mortgage</b>	<b>1,977</b>	<b>318,316</b>	<b>26,514</b>	<b>4,268,682</b>

**Portage Hearthside LHDA LP**  
**834 King Highway, Suite 100**  
**Kalamazoo, MI 49001-2578**  
**(269)-381-0350**  
**(269) 978-2053 fax**

**RECEIVED**  
JUL 27 2010  
COMMUNITY DEVELOPMENT

July 26, 2010

Vicki Georgeau, AICP  
Deputy Director of Neighborhood Services  
City of Portage  
7900 South Westnedge Avenue  
Portage, MI 49002

RE: Hearthside Apartments I & II Payment in Lieu of Taxes

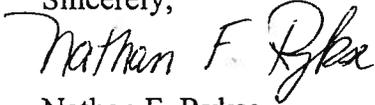
Dear Ms. Georgeau:

Please find our response to your written inquiry in your July 21, 2010 letter regarding our request of a 6% Payment in Lieu of Taxes from the City of Portage for the Hearthside I & II Apartments.

- The rationale for the market rental units is based on the recently revised Low Income housing Tax Credit Income Limits that Hearthside must utilize upon sale. These income limits have now decreased. Therefore, several households who previously qualified at the initial move in will now be over income at the time of the acquisition. In order to not displace these particular residents upon acquisition, the units must be designated as market units. The realities of a challenging economic climate the past few years have also caused many of the seniors to re-enter the workforce, thus increasing some of their household incomes over the income limit threshold. Even though we are converting 33 units to market rental rates, the rents will continue to be affordable. For the Phase I of Hearthside units, only \$11 for a 1-bedroom and \$20 for a 2-bedroom separate the market unit rental rates from the 60% rates. The market unit and 60% rental rates for the Phase II units will remain identical.
- The scope of rehabilitation work has actually increased. Please find attached a revised scope of work based on a site inspection with MSHDA on Tuesday, July 20, 2010.
- Due to the fact the development has always had a PILOT and we don't know the value of the property, it would be purely a guess on our part as to what the tax liability would be. Please find attached a calculation if Hearthside paid a 6% PILOT versus the graduated 4%-7% PILOT over the life of the mortgage.
- The primary reason a graduated PILOT is discouraged is that it reduces the amount of active debt a given project can support thereby necessitating increased soft financing. Please see attached documents that discuss the tax benefits for affordable housing financed with an Authority Aided Mortgage and the Tax-Exempt Lending Parameters which describe why we are requesting a 6% Payment in Lieu of Taxes for Hearthside.

Please feel free to contact me at 269-381-0350 or Warren Dean, our legal counsel at 248-506-3222 with any questions you may have.

Sincerely,



Nathan F. Rykse  
Development Coordinator

Cc: Jeffrey M. Erickson, Director of Community Development  
Randall R. Brown, City Attorney  
Warren T. Dean, P.C.  
JT Johnston – MSHDA  
Steve Lathom - MSHDA  
Tom Penland, CFO, Medallion Management

Attachments:

Updated Scope of Work  
PILOT Analysis  
Tax Benefits for Low and Moderate Income Housing  
STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966  
Act 346 of 1966 **Section 125.1415a**  
MSHDA Tax Exempt Lending Parameters

## SCOPE OF WORK

Hearthside I & II

### LIVING UNITS

The following items are to be addressed in all living units:

#### GENERAL

1. Paint unit walls and ceilings.
2. Replace unit entry doors and hardware (Ph. I only).
3. Install window blinds.
4. Upgrade unit light fixtures.
5. Install new water heaters throughout.
6. Replace heating and cooling systems.
7. Replace nurse call with upgraded system.
8. Install new carpet within all units.
9. Replace all interior swing and bifold doors.
10. Upgrade fire alarm system, and replace and interconnect smoke detectors.

#### KITCHEN

1. New vinyl flooring in all units.
2. New faucet, garbage disposal, and stainless steel sink.
3. New counter tops.
4. Replace all cabinets.
5. Add GFI's where needed.
6. Install all new energy star appliances including microwave/hood vent.
7. Replace light fixture.

#### BATHROOM

1. New vinyl flooring in all units
2. New sink, faucet, counter tops and vanities.
3. Replace medicine cabinets.
4. Install new shower heads and toilets.
5. Replace toilet paper holders, towel bars and shower rods.
6. Install GFI's where needed.

## **BARIER FREE APARTMENTS**

1. All renovations necessary to comply with ADA and MSHDA requirements.  
Ten units in Phase I and six units in Phase II.

## **COMMON AREAS AND EXTERIOR**

The following items are to be replaced or reworked in all common areas and building exteriors:

### **INTERIOR OFFICE**

1. Repair drywall, paint walls and ceilings.
2. Replace electric cover plates, switches, and outlets.
3. Replace office and community area carpet.
4. Install new cabinets and counter tops.
5. Replace kitchen sink, facet and disposal.
6. Replace all community room kitchen appliances.
7. Install ceramic tile in the kitchen and baths.
8. Replace bath sinks, facets, toilets, and towel bars.
9. Replace water softener.

### **PHASE II COMMON AREAS**

1. Repair drywall, paint walls and ceilings.
2. Replace electric cover plates.
3. Replace community area carpet.
4. Upgrade elevators.
5. Replace water softeners.
6. Upgrade access doors and provide automated openers.
7. Install new entry phone access system.

### **EXTERIOR**

1. Replace all roofs.
2. Replace building light fixtures.
3. Replace all windows and sliding glass doors.
4. Replace vinyl siding and install door and window surrounds.
5. Replace fascia and wrap all exposed wood trim.
6. Replace 30 decks and 10 ground level wood patios in Phase II.
7. Install hand rails on Phase I landings.

## SITE

1. Repair and topcoat existing asphalt and stripe lots.
2. Repair or replace sidewalks that are damaged or do not comply with ADA.
3. Reconstruct dumpster enclosures (3) and construct (2) new ones.
4. Repaint existing parking lot light poles and replace fixtures.
5. Install additional pole lights (2).
6. Replace side panels on parking structures.
7. Repair landscaping damaged as result of rehab.
8. Remove ash trees and reestablish natural areas between Phase I buildings
9. Install new maintenance strips along building foundations.
10. Site signage.
11. Remove gazebo and replace with water feature. Install guard rail around entire retaining wall.
12. Construct interlocking stone retaining walls parallel to all existing wood walls.
13. Construct maintenance building and demo "carport garage".
14. Remove metal fencing around Phase II retention pond; replace it only on concrete wall.

Revised 07-21-10.

**HEARTHSIDE APARTMENTS  
6% PILOT ANALYSIS**

<b>PILOT %</b>	<b>YEAR</b>	<b>RENT POTENTIAL</b>	<b>VACANCY LOSS</b>	<b>SITE PAID UTILITIES</b>	<b>NET SHELTERED RENTS</b>	<b>ESTIMATED PILOT PAYMENT</b>
6.00%	1	\$1,048,992	(\$83,919)	(\$71,336)	\$893,737	\$53,624
6.00%	2	\$1,059,482	(\$84,759)	(\$75,616)	\$899,107	\$53,946
6.00%	3	\$1,070,077	(\$85,606)	(\$80,153)	\$904,318	\$54,259
6.00%	4	\$1,080,778	(\$86,462)	(\$84,962)	\$909,354	\$54,561
6.00%	5	\$1,091,586	(\$87,327)	(\$90,060)	\$914,199	\$54,852
6.00%	6	\$1,113,418	(\$89,073)	(\$92,762)	\$931,583	\$55,895
6.00%	7	\$1,135,686	(\$90,855)	(\$95,545)	\$949,286	\$56,957
6.00%	8	\$1,158,400	(\$92,672)	(\$98,411)	\$967,317	\$58,039
6.00%	9	\$1,181,568	(\$94,525)	(\$101,363)	\$985,680	\$59,141
6.00%	10	\$1,205,199	(\$96,416)	(\$104,404)	\$1,004,379	\$60,263
6.00%	11	\$1,229,303	(\$98,344)	(\$107,536)	\$1,023,423	\$61,405
6.00%	12	\$1,253,889	(\$100,311)	(\$110,763)	\$1,042,815	\$62,569
6.00%	13	\$1,278,967	(\$102,317)	(\$114,085)	\$1,062,565	\$63,754
6.00%	14	\$1,304,546	(\$104,364)	(\$117,508)	\$1,082,674	\$64,960
6.00%	15	\$1,330,637	(\$106,451)	(\$121,033)	\$1,103,153	\$66,189
6.00%	16	\$1,357,250	(\$108,580)	(\$124,664)	\$1,124,006	\$67,440
6.00%	17	\$1,384,395	(\$110,752)	(\$128,404)	\$1,145,239	\$68,714
6.00%	18	\$1,412,083	(\$112,967)	(\$132,256)	\$1,166,860	\$70,012
6.00%	19	\$1,440,325	(\$115,226)	(\$136,224)	\$1,188,875	\$71,333
6.00%	20	\$1,469,132	(\$117,531)	(\$140,311)	\$1,211,290	\$72,677
6.00%	21	\$1,498,515	(\$119,881)	(\$144,520)	\$1,234,114	\$74,047
6.00%	22	\$1,528,485	(\$122,279)	(\$148,856)	\$1,257,350	\$75,441
6.00%	23	\$1,559,055	(\$124,724)	(\$153,321)	\$1,281,010	\$76,861
6.00%	24	\$1,590,236	(\$127,219)	(\$157,921)	\$1,305,096	\$78,306
6.00%	25	\$1,622,041	(\$129,763)	(\$162,658)	\$1,329,620	\$79,777
6.00%	26	\$1,654,482	(\$132,359)	(\$167,538)	\$1,354,585	\$81,275
6.00%	27	\$1,687,572	(\$135,006)	(\$172,564)	\$1,380,002	\$82,800
6.00%	28	\$1,721,323	(\$137,706)	(\$177,741)	\$1,405,876	\$84,353
6.00%	29	\$1,755,749	(\$140,460)	(\$183,074)	\$1,432,215	\$85,933
6.00%	30	\$1,790,864	(\$143,269)	(\$188,566)	\$1,459,029	\$87,542
6.00%	31	\$1,826,681	(\$146,134)	(\$194,223)	\$1,486,324	\$89,179
6.00%	32	\$1,863,215	(\$149,057)	(\$200,049)	\$1,514,109	\$90,847
6.00%	33	\$1,900,479	(\$152,038)	(\$206,051)	\$1,542,390	\$92,543
6.00%	34	\$1,938,489	(\$155,079)	(\$212,232)	\$1,571,178	\$94,271
6.00%	35	\$1,977,259	(\$158,181)	(\$218,599)	\$1,600,479	\$96,029

**TOTAL ESIMATED PILOT PAID DURING MORTGAGE TERM**

**\$2,499,794**

**HEARTHSIDE APARTMENTS  
GRADUATED 4-7% PILOT ANALYSIS**

<b>PILOT %</b>	<b>YEAR</b>	<b>RENT POTENTIAL</b>	<b>VACANCY LOSS</b>	<b>SITE PAID UTILITIES</b>	<b>NET SHELTERED RENTS</b>	<b>ESTIMATED PILOT PAYMENT</b>
4.00%	1	\$1,048,992	(\$83,919)	(\$71,336)	\$893,737	\$35,749
4.00%	2	\$1,059,482	(\$84,759)	(\$75,616)	\$899,107	\$35,964
4.00%	3	\$1,070,077	(\$85,606)	(\$80,153)	\$904,318	\$36,173
4.00%	4	\$1,080,778	(\$86,462)	(\$84,962)	\$909,354	\$36,374
4.00%	5	\$1,091,586	(\$87,327)	(\$90,060)	\$914,199	\$36,568
4.00%	6	\$1,113,418	(\$89,073)	(\$92,762)	\$931,583	\$37,263
4.00%	7	\$1,135,686	(\$90,855)	(\$95,545)	\$949,286	\$37,971
4.00%	8	\$1,158,400	(\$92,672)	(\$98,411)	\$967,317	\$38,693
4.00%	9	\$1,181,568	(\$94,525)	(\$101,363)	\$985,680	\$39,427
4.00%	10	\$1,205,199	(\$96,416)	(\$104,404)	\$1,004,379	\$40,175
4.50%	11	\$1,229,303	(\$98,344)	(\$107,536)	\$1,023,423	\$46,054
5.00%	12	\$1,253,889	(\$100,311)	(\$110,763)	\$1,042,815	\$52,141
5.50%	13	\$1,278,967	(\$102,317)	(\$114,085)	\$1,062,565	\$58,441
6.00%	14	\$1,304,546	(\$104,364)	(\$117,508)	\$1,082,674	\$64,960
6.50%	15	\$1,330,637	(\$106,451)	(\$121,033)	\$1,103,153	\$71,705
7.00%	16	\$1,357,250	(\$108,580)	(\$124,664)	\$1,124,006	\$78,680
7.00%	17	\$1,384,395	(\$110,752)	(\$128,404)	\$1,145,239	\$80,167
7.00%	18	\$1,412,083	(\$112,967)	(\$132,256)	\$1,166,860	\$81,680
7.00%	19	\$1,440,325	(\$115,226)	(\$136,224)	\$1,188,875	\$83,221
7.00%	20	\$1,469,132	(\$117,531)	(\$140,311)	\$1,211,290	\$84,790
7.00%	21	\$1,498,515	(\$119,881)	(\$144,520)	\$1,234,114	\$86,388
7.00%	22	\$1,528,485	(\$122,279)	(\$148,856)	\$1,257,350	\$88,015
7.00%	23	\$1,559,055	(\$124,724)	(\$153,321)	\$1,281,010	\$89,671
7.00%	24	\$1,590,236	(\$127,219)	(\$157,921)	\$1,305,096	\$91,357
7.00%	25	\$1,622,041	(\$129,763)	(\$162,658)	\$1,329,620	\$93,073
7.00%	26	\$1,654,482	(\$132,359)	(\$167,538)	\$1,354,585	\$94,821
7.00%	27	\$1,687,572	(\$135,006)	(\$172,564)	\$1,380,002	\$96,600
7.00%	28	\$1,721,323	(\$137,706)	(\$177,741)	\$1,405,876	\$98,411
7.00%	29	\$1,755,749	(\$140,460)	(\$183,074)	\$1,432,215	\$100,255
7.00%	30	\$1,790,864	(\$143,269)	(\$188,566)	\$1,459,029	\$102,132
7.00%	31	\$1,826,681	(\$146,134)	(\$194,223)	\$1,486,324	\$104,043
7.00%	32	\$1,863,215	(\$149,057)	(\$200,049)	\$1,514,109	\$105,988
7.00%	33	\$1,900,479	(\$152,038)	(\$206,051)	\$1,542,390	\$107,967
7.00%	34	\$1,938,489	(\$155,079)	(\$212,232)	\$1,571,178	\$109,982
7.00%	35	\$1,977,259	(\$158,181)	(\$218,599)	\$1,600,479	\$112,034

**TOTAL ESTIMATED PILOT PAID DURING MORTGAGE TERM**

**\$2,556,933**

**TAX BENEFITS FOR LOW AND MODERATE INCOME HOUSING  
FINANCED WITH AN AUTHORITY-AIDED MORTGAGE<sup>1</sup>**

**I. THE BENEFIT**

Section 15a(l) of the Michigan State Housing Development Authority Act (P.A. of 1966, Act No. 346, as amended, the “Act”) provides that:

“If a housing project owned by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association is financed with a federally-aided or Authority-aided mortgage or advance or grant from the Authority, then, except as provided in this section, the housing project is exempt from all ad valorem property taxes imposed by this state or any political subdivision, public body, or taxing district in which the project is located...”

The exemption is subject to conditions and requirements which are explained below.

**II. THE CONDITIONS**

**A. Notification to Local Assessor**

Section 15a (l) further states in part that:

“The owner of a housing project eligible for the exemption shall file with the local assessing officer a notification of the exemption, which shall be in affidavit form as provided by the Authority. The completed affidavit form first shall be submitted to the Authority for the certification by the Authority that the project is eligible for the exemption. The owner then shall file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin.”

**1. Notification to be Certified and Filed at Mortgage Loan Closing**

The Notification, as a rule, cannot be certified by the Authority until the first

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<sup>1</sup>

The benefits of Section 15a apply as well to housing projects financed by mortgages receiving aid under various federal programs. As the procedures for initiating and continuing the exemption differ, they are detailed in a separate article entitled “Tax Benefits for Low and Moderate Income Housing Financed with a Federally-Aided Mortgage” available upon request by writing to the Michigan State Housing Development Authority, Office of Legal Affairs, 735 E. Michigan Avenue, Lansing, Michigan 48912 or by calling the Office of Legal Affairs at (517) 373-8295.

disbursement of funds occurs in connection with a mortgage loan made by the Authority, as until that point, there is no “housing project” as defined by the Act. The Notification for a specific project, therefore, will be executed and certified when the Authority’s loan documents are signed, and will then be forwarded by the Authority to the local assessor. If it is filed before November 1 (i.e. on or before October 31), it will be effective with respect to property taxes levied the following year. While not provided for in the Act, a local assessor may choose to waive the November 1 deadline in cases where the Notification is filed later, but has no obligation to do so. A Notification filed on or after November 1 will not be effective until the year after the following year.

2. Notification Filed Once

Once filed, the Notification is sufficient, barring unusual circumstances, to indicate and maintain the exemption throughout the life of the Authority’s mortgage loan.

2. **Payment in Lieu of Taxes**

Section 15a(2) of the Act provides that:

“The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes...”

This service charge is commonly referred to as a “payment in lieu of taxes,” or “PILOT”.

1. New Construction/Rehabilitation

For newly constructed projects, Section 15a(2) provides that the service charge will be the greater of a) the tax on the property on which the project is located for the tax year before the date that construction was commenced, or b) 10% of the annual shelter rents obtained from the project. For existing projects that have been rehabilitated, the service charge is the lesser of these amounts.

## 2. Projects Receiving Section 8 Assistance

Section 15a(2) was enacted when the 236 (Interest Reduction) program was the prevailing vehicle for federal housing subsidies. Under that program, the tenant paid the rent as reduced by the subsidy of mortgage loan interest charges. “Annual shelter rent” by definition is based on the amount actually collected from the tenant (See Section 11m of the Act).

The 236 program was replaced by a program of housing assistance payments established by Section 8 of the U.S. Housing Act of 1934 (as amended by the Housing and Community Development Act of 1974). Under the Section 8 program, tenants pay a maximum of 30% of their income towards the rent, and the federal subsidy contributes the remainder on behalf of the tenant. Because the differences between the Section 236 and Section 8 programs are substantial, it is not possible to calculate the service charge for Section 8 projects as a percentage of the shelter rents. It has been determined that 4% of a project’s Section 8 contract rents (equal to the tenant’s contributions plus the federal subsidy, less utility charges) approximates 10% of Section 236 annual shelter rents in comparable developments. The equality of these formulas has been confirmed by the State Tax Commission.

A municipality may substitute the 4% of contract rents for the 10% of annual shelter rents formula by duly adopted ordinance, as permitted in Section 15a. A more detailed explanation of local options follows.

## 3. **Municipal Ordinances**

Until a municipality enacts its own tax abatement ordinance, the provisions of Section 15a are effective with respect to an eligible project constructed or rehabilitated in that municipality. The provisions of 15a may be altered or even withdrawn by local ordinance.

1. To Change the Service Charge

Section 15a(2) provides that:

“...A municipality, by ordinance, may establish or change, by any amount it chooses, the service charge to be paid in lieu of taxes by all or any class of housing projects exempt from taxation under this act. However, the service charge shall not exceed the taxes that would be paid but for this act.”

A municipality may by ordinance vary the formula for imposing a service charge from a percentage of rents to any other formula, or to a specified fixed dollar amount, or to a nominal sum.

Section 15a(2) provides that such an ordinance must, however, apply to all exempt projects or an entire class of exempt projects (e.g., housing for the elderly, families, or handicapped), not an individual project. The classification may make any reasonable distinction regarding handicapped, etc., but must, according to an opinion of the Attorney General, treat similarly subsidized Authority-aided and Federally-aided mortgages equally.

2. To Change the Duration

The exemption granted by Section 15a remains in effect for the life of the Authority's mortgage loan, but not to exceed 50 years. Section 15a(3) permits a municipality to: “establish by ordinance a different period of time for the exemption to remain in effect.”

3. To Remove Classes of Housing Projects from the Benefit of the Act

The Act, in Section 15a(5) also permits a municipality to provide by ordinance that any class of housing projects within its boundaries cannot receive property tax benefits under the Act. (This, as well as other local ordinance powers, may be waived - see discussion below on Ordinance Granting Tax Exemption.) The ordinance may apply to future housing projects only, or to housing projects for which exemption has already been granted, but once the exemption has been granted, the ordinance will not be effective until December 31 of the year in which it was adopted.

An ordinance adopted pursuant to this subsection may be repealed as of any date.

#### **4. Ordinance Granting Tax Exemption**

The financial feasibility of Authority-financed projects is often contingent on the assurance of continuing tax benefits for the life of the mortgage loan. Up until the time a project is actually constructed, a municipality with no local tax abatement ordinance has the option to modify or withdraw the benefits created by the Act.

Therefore, as a condition of a mortgage loan from the Authority, the appropriate municipality must enact an ordinance which in effect waives its right to revoke or modify the tax benefits for the class of housing projects to which the project belongs once those tax benefits have been granted. This ordinance may also be used to change the statutory service charge (10% of annual shelter rents), or otherwise modify the statutory formula.

Authority staff will advise sponsors of projects in the process of applying for a mortgage loan regarding the service charge limitations necessary to maintain project feasibility and will provide a copy of a Model Ordinance to be used.

The Model Ordinance has been designed to:

1. Create a class of housing to which it shall apply. The named development, of course, must be a member of that class;
2. Exempt the class from all property taxes;
3. Set the service charge or payment in lieu of taxes; and
4. Contain the agreement of the municipality to continue the exemption at the stated service charge for the period of time specified in the ordinance.

The Model Ordinance also refers to the municipality's agreement to accept the service charge in lieu of taxes, in consideration (among other things) of the sponsor's offer, subject to receipt

of a mortgage loan from the Authority, to construct, own and operate the project. This language is intended to protect the sponsor, and it is intended that the sponsor make such an offer to the municipality in writing.

Assuming that there are no unusual circumstances, the Authority's ordinance requirement will be satisfied upon submission of all of the following:

1. Ordinance. A **certified copy** of the ordinance as adopted, which must be satisfactory to the Authority in form and content. The certification must be dated within 30 days of initial closing. The Authority's model ordinance exemplifies what is satisfactory; if the municipality wants to vary the model, it is advisable to submit a copy of the proposed ordinance to the Authority for review prior to adoption to ensure that the modification will be acceptable.
2. City Charter. A copy of the City Charter accompanied by a letter of certification from a municipal official stating that it is current. If the charter is too voluminous, submission of sections relating to the municipality's power to enact the ordinance, including the power to enter into contracts, should be submitted, in which case the letter of certification should also state that the particular sections and no others apply.
3. Opinion of Mortgagor's Attorney. The opinion submitted by the mortgagor's attorney at the closing of the Authority's mortgage loan must contain the following with respect to the ordinance.
  - a. Based on an examination of the City Charter, the Tax Abatement Ordinance and the Resolution [of the municipality], the terms of the Tax Abatement Ordinance and the Resolution are in accord with the provisions of the Charter, which provisions do not conflict with, modify, limit or invalidate the Tax Abatement Ordinance or

Resolution or any part thereof.

- b. To the best of our knowledge, the Tax Abatement Ordinance was enacted and the Resolution adopted in accordance with all procedural requirements set forth in the Charter.
- c. We have verified that the Tax Abatement Ordinance and the Resolution remain[s] effective as of \_\_\_\_\_ and to the best of our knowledge, there is no action pending or threatened which would render the Tax Abatement Ordinance or Resolution invalid or ineffective by revocation, litigation, referendum, or any other means.
- d. The applicable referendum period has expired.

**125.1412 Liberal construction.**

Sec. 12. This act, being necessary for and to secure the public health, safety, convenience, and welfare of the citizens of the state, shall be liberally construed to effect its public purposes.

History: Add. 1987, Act 180, Imd. Eff. Nov. 25, 1987.

**125.1415 Repealed. 1968, Act 334, Imd. Eff. July 14, 1968.**

Compiler's note: The repealed section pertained to nonprofit housing corporation tax exemption and payments in lieu of taxes.

**125.1415a Exemption of housing project from taxes; filing certified notification of exemption with local assessing authority; annual service charge; amount; duration of exemption; distribution of payments for public services; exceptions; payment of service charge equal to full amount of taxes; reduced housing charges; "low income persons and families" defined; rules; reimbursement prohibited.**

Sec. 15a. (1) If a housing project owned by a nonprofit housing corporation, consumer housing cooperative, limited dividend housing corporation, mobile home park corporation, or mobile home park association is financed with a federally-aided or authority-aided mortgage or advance or grant from the authority, then, except as provided in this section, the housing project is exempt from all ad valorem property taxes imposed by this state or by any political subdivision, public body, or taxing district in which the project is located. The owner of a housing project eligible for the exemption shall file with the local assessing officer a notification of the exemption, which shall be in an affidavit form as provided by the authority. The completed affidavit form first shall be submitted to the authority for certification by the authority that the project is eligible for the exemption. The owner then shall file the certified notification of the exemption with the local assessing officer before November 1 of the year preceding the tax year in which the exemption is to begin.

(2) The owner of a housing project exempt from taxation under this section shall pay to the municipality in which the project is located an annual service charge for public services in lieu of all taxes. Subject to subsection (6), the amount to be paid as a service charge in lieu of taxes shall be for new construction projects the greater of, and for rehabilitation projects the lesser of, the tax on the property on which the project is located for the tax year before the date when construction or rehabilitation of the project was commenced or 10% of the annual shelter rents obtained from the project. A municipality, by ordinance, may establish or change, by any amount it chooses, the service charge to be paid in lieu of taxes by all or any class of housing projects exempt from taxation under this act. However, the service charge shall not exceed the taxes that would be paid but for this act.

(3) The exemption from taxation granted by this section shall remain in effect for as long as the federally-aided or authority-aided mortgage or advance or grant from the authority is outstanding, but not more than 50 years. The municipality may establish by ordinance a different period of time for the exemption to remain in effect.

(4) Except as otherwise provided in this subsection, any payments for public services received by a municipality in lieu of taxes under this section shall be distributed by the municipality to the several units levying the general property tax in the same proportion as prevailed with the general property tax in the previous calendar year. For payments in lieu of taxes collected after June 30, 1994, the distribution to the several units shall be made as if the number of mills levied for local school district operating purposes were equal to the number of mills levied for those purposes in 1993 minus the number of mills levied under the state education tax act, Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws, for the year for which the distribution is calculated. For tax years after 1993, the amount of payments in lieu of taxes to be distributed to a local school district for operating purposes under this subsection shall not be distributed to the local school district but instead shall be paid to the state treasury and credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(5) Notwithstanding subsection (1), a municipality may provide by ordinance that the tax exemption established in subsection (1) shall not apply to all or any class of housing projects within its boundaries to which subsection (1) applies. If the municipality makes that provision, the tax exemption established in subsection (1) shall not apply to the class of housing projects designated in the ordinance. If the ordinance so provides, the ordinance shall be effective with respect to housing projects for which an exemption has already been granted on December 31 of the year in which the ordinance is adopted, but not before. A municipality that has adopted an ordinance described in this subsection may repeal that ordinance, and the repeal shall become effective on the date designated in the repealing ordinance.

## Tax-Exempt & Taxable Lending Parameters

which projects receive subordinate financing and in which order they will be awarded those resources.

In order to receive a Priority Designation, all projects must meet the underwriting and threshold requirements mentioned in the previous section.

**PRIORTIZATION** – Projects that meet all mandatory threshold requirements are prioritized as follows:

**PRIORITY ONE** – MSHDA targets its available soft funding sources first for development proposals meeting the requirements under Priority One. These projects are required to have:

- a. Hard Equity Commitment as defined in Section XI-C of the 2009 Qualified Allocation Plan (QAP)
- b. A Payment in Lieu of Taxes (PILOT) of 6% or less based on the shelter rents/contract rents (including any service fees), or equivalent investment to achieve a 6% PILOT rate, over and above the leveraged requirement.
- c. At least one of the following:
  - i. Section 8 and 236 Preservation Transactions (minimum five-year term remaining)
  - ii. Majority of development with Project Based Rental subsidy (minimum five-year term remaining)
  - iii. NSP eligible
  - iv. Leveraged Funds – Lesser of 15% of the TDC or 50% of the Authority's soft-money investment\* (if no Authority soft funds are needed, no leverage required)
- d. And at least two of the following:
  - i. Evidence of community support/non-development related private sector investment\*\*
  - ii. Minimum of 15% of units targeted for Permanent Supportive Housing (elderly developments excluded)
  - iii. Projects which were in the Authority's Direct Lending pipeline prior to May 1, 2009
  - iv. A minimum of 10% more than the leverage criteria

**PRIORITY TWO** – Any remaining soft funding sources will then be targeted to proposals meeting the requirements under Priority Two. However, a higher priority project that comes in later than a lower priority project will move ahead of the lower priority project. These projects are required to have:

- a. Hard Equity Commitment as defined in Section XI-C of the 2009 Qualified Allocation Plan (QAP)
- b. PILOT greater than 6% but less than or equal to 10% based on the shelter rents/contract rents (including any service fees), or equivalent investment to achieve a 10% or less PILOT rate, over and above the leveraged requirement.
- c. At least one of the following:
  - i. Preservation Transactions



STATE OF MICHIGAN

JENNIFER M. GRANHOLM  
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
LANSING

GARY HEIDEL  
INTERIM EXECUTIVE DIRECTOR

August 26, 2010

**RECEIVED**

**AUG 31 2010**

**CITY MANAGER'S OFFICE  
PORTAGE, MI**

Maurice S. Evans, City Manager  
City of Portage - City Hall  
7900 S. Westnedge Ave  
Portage, MI 49002

Dear Mr. Evans:

The Tax Reform Act of 1986 established the Low Income Housing Tax Credit Program to assist owners and developers in the provision of rental housing for low-income households. The tax credit program provides a reduction in the federal tax liability for individuals and corporate investors in low-income rental housing for a ten-year period. In return, the owner must set aside a minimum of either 20% of the units in a project for families with incomes of 50% or less of the area median income, or 40% of the units for families with incomes of 60% or less of the area median income, as determined by the Department of Housing and Urban Development.

The purpose of this letter is to inform you that the Michigan State Housing Development Authority (MSHDA), the tax credit allocating agency for the State of Michigan, has issued a Reservation for Low Income Housing Tax Credits to Portage Hearthside LDHA LP, (contact person: Marvin D. Veltkamp) the developer of **Hearthside Apartments**, located at 7566 Currier Drive in Portage, Michigan.

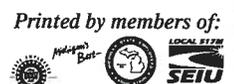
If you would like to comment on the proposed project, please do so in writing within the next two weeks. If you have any questions regarding the project or the Low Income Housing Tax Credit Program, please contact LIHTC staff at (517) 373-6007.

Sincerely,

Norman L. Harrod  
Allocations Manager  
Low Income Housing Tax Credit Program



735 EAST MICHIGAN AVENUE • P.O. BOX 30044 • LANSING, MICHIGAN 48909  
WWW.MICHIGAN.GOV/MSHDA • (517) 373-8370 • FAX (517) 335-4797 • TTY (800) 382-4568



## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** September 29, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** Softball Field Fencing Improvements – Bid Recommendation

**ACTION RECOMMENDED:** That City Council accept the low bid submitted by The Postman, Incorporated, in the amount of \$23,730 for Ramona Park and South Westnedge Park softball diamond fencing improvements and authorize the City Manager to execute all documents related to this action on behalf of the city.

The Ramona Park and South Westnedge Park softball fields are used extensively throughout the year by thousands of participants in the city sponsored adult recreation softball program and by independent youth softball and baseball teams. The 2010-2011 Capital Improvement Program (CIP) includes funds for the repair and replacement of old, unsightly or unsafe fence posts and rusty and damaged chainlink fence fabric at all eight softball diamonds in South Westnedge and Ramona Park. This capital maintenance project will result in safe and functionally attractive facilities for area residents.

Seven contractors submitted sealed bids for this project that were opened on September 21, 2010. The low bid of \$23,730 was submitted by The Postman, Incorporated of Vicksburg, Michigan. The Postman has satisfactorily completed several projects for the Parks Department over the last decade and is very familiar with the expectations set forth by the city.

It is recommended that City Council accept the low bid of \$23,730 submitted by The Postman, Incorporated for Ramona Park and South Westnedge Park softball diamond fencing improvements and authorize the City Manager to execute all documents related to this action. The bid tabulation is attached for the information of City Council. Funds are budgeted and available in the 2010-11 CIP for this project.

Attachment

BID TABULATION  
SOFTBALL FIELD FENCING

<u>BIDDER</u>	<u>BID</u>
The Postman, Inc. 11511 Sprinkle Road Vicksburg, MI 49097	\$23,730.00
Farm N Garden, Inc. 1003 Staples Ave. Kalamazoo, MI 49007	\$27,633.20
M & M Fencing, Inc. 255 Walter St. SE Wyoming, MI 49548	\$34,701.10
D-K Fence Co., Inc. 1227 W. Dickman Rd. Battle Creek, MI 49037	\$37,848.20
Wright Fence LLC 6545 Marlow St. Portage, MI 49024	\$39,959.50
Fence Consultants 615 - 11th St. NW Grand Rapids, MI 49504	\$49,464.40
Future Fence Co. 23450 Regency Park Dr. Warren, MI 48089	\$55,050.00

## CITY OF PORTAGE

## COMMUNICATION

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**TO:** Honorable Mayor and City Council

**DATE:** September 29, 2010

**FROM:** Maurice S. Evans, City Manager



**SUBJECT:** City Hall Breakroom Roof and Lower Level Window Improvements – Bid Recommendation

**ACTION RECOMMENDED:** That City Council accept the low bid submitted by Kuiper Building Services, LLC in the amount of \$12,200 for City Hall breakroom roof and lower level window improvements and authorize the City Manager to execute all documents related to this action on behalf of the city.

The City of Portage has received Energy Efficiency and Conservation Block Grant (EECBG) funding from the Federal Government to improve energy efficiency for public buildings. Two projects approved for Portage include the insulation, waterproofing and shingling of the City Hall breakroom roof and replacement of the lower level windows with a water tight window system. These projects will improve year-round energy efficiency, eliminate leaking and decrease maintenance needs.

Sealed bids were received from four area vendors on September 28, 2010, with the low bid in the amount of \$12,200 submitted by Kuiper Building Services, LLC of Kalamazoo, Michigan. Kuiper Building Services has successfully completed a variety of construction projects for the Parks Department and is very familiar with city expectations and procedures.

It is recommended that City Council accept the low bid of \$12,200 submitted by Kuiper Building Services, LLC for City Hall breakroom and lower level window improvements and authorize the City Manager to execute all documents related to this action. The bid tabulation is attached for the information of City Council. All funding for these improvements is provided through the EECBG program.

Attachment

BID TABULATION  
CITY HALL BREAKROOM ROOF & CITY HALL LEXAN WINDOWS

<u>Bidder</u>	<u>Breakroom Roof</u>	<u>Lexan Windows</u>	<u>Grand Total</u>
Kuiper Building Services, LLC 1831 S. Westnedge Ave. Kalamazoo, MI 49008	\$4,800.00	\$7,400.00	\$12,200.00
Premier Roofing & Exteriors 3090 Pine Ave. Grandville, MI 49418	\$4,820.00	\$19,800.00	\$24,620.00
Division 7 Contractor, Inc. 2006 Race St. Kalamazoo, MI 49001	\$10,163.00	\$14,397.00	\$24,560.00
Tichenor, Inc. 637 W. Michigan Ave. Battle Creek, MI 49037	\$13,000.00	\$24,000.00	\$37,000.00