

DOWNTOWN DEVELOPMENT AUTHORITY

Minutes of Meeting – Friday, July 23, 2010

The meeting of the Downtown Development Authority (DDA) was called to order at 8:00 a.m. in Conference Room #1, at Portage City Hall, 7900 South Westnedge Avenue, Portage, Michigan.

MEMBERS PRESENT:

Terryl Patterson, Benjamin Boyer, James Huberty, Walter Hansen, Rich MacDonald, Ronald Dunlap, and Maurice Evans

MEMBERS EXCUSED:

Matthew Milks and Jeff Chrystal

IN ATTENDANCE:

Jeffrey M. Erickson, Director of Community Development; Daniel Foecking, Finance Director; and Christopher Forth, Deputy Director of Planning and Development Services.

APPROVAL OF MINUTES:

The minutes of the June 30, 2009 meeting were introduced for approval. A motion was offered by MacDonald and seconded by Boyer to approve the meeting minutes as presented. The motion was unanimously approved.

Mr. Erickson indicated that another DDA meeting will be scheduled later this year to consider board member reappointments, election of officers and perhaps other projects in the DDA area.

BUSINESS:

1. FY 2006-07 and 2007-08 Annual Financial Reports.

Mr. Erickson reviewed the communication concerning the 2008-2009 annual report to the City Council and State Tax Commission. A resolution has been prepared that approves and authorizes the transmission of the financial reports on the status of the tax increment finance plan. Attached to the resolution is appendix A, which summarizes the report and the applicable annual financial information as required by statute. Mr. Erickson also reviewed the accompanying final audit page for the DDA Debt Service Fund for each fiscal year. After some brief discussion, a motion was offered by MacDonald and seconded by Boyer that the Resolution Approving and Authorizing the Transmission of The Financial Reports on The Status of The Tax Increment Financing Plan be approved. Upon a roll call vote, the motion was unanimously approved.

2. 2003 Development Agreement and Second Amendment to Development Agreement

Mr. Erickson reviewed the July 16th communication concerning a matter that involves development within the Portage Downtown Development Authority (DDA) district in the context of the approved 2003 Amended Development Plan/Tax Increment Finance Plan and the approved 2003 Development Agreement with H&G, LLC. In 2003 the DDA financing mechanism was used to facilitate another public-private venture in the district. All of the public improvements as part of the 2003 Amended Plan have been completed, as reported in annual reports.

Included as part of the 2003 Amended Plan and the 2003 Development Agreement, H&G, LLC was required to complete a second project. This second project is important as the tax increment revenue is crucial to assist in the retirement of the bonds that were issued to finance the public improvements and

activities. Per the terms of the 2003 Amended Plan and the 2003 Development Agreement, should H&G, LLC not begin construction of the second project in the DDA by 2008, H&G, LLC would be required to re-purchase a 2.81 acre parcel of land from the city originally acquired for potential future public use. The City of Portage purchased 2.81 acres of land for potential future public use at a cost of \$500,000. Although H&G, LLC did construct a second project (Trade Centre II), it is not located in the DDA, but is situated just west of the district boundary and, as a result, not subject to TIF capture. However, the company has been actively working to develop accommodations facilities, an additional office project and other projects within The Trade Centre. With improving economic conditions and with completion of the I-94/South Westnedge Avenue interchange, which was accelerated using Federal Stimulus funding, H&G, LLC is continuing to plan these projects in the DDA district.

Per the agreements entered into between H&G, LLC and the City of Portage, H&G, LLC is required to re-purchase the 2.81 acres as early as August 2010 if the city determined the parcel was not needed for public purposes. The city has determined the 2.81 parcel is not needed for public use and is best placed on the tax roll. Funds from the parcel sale will assist with required bond payments. Per the terms of the 2003 Development Agreement, the re-purchase price equals \$500,000 less the credit of the incremental tax revenue generated by the Development Parcel (excluding the Office Parcel) received by the city during the five year period from 2005 to 2009 and of the tax revenue generated by the Trade Centre II project paid to the city between 2005 and 2009. The re-purchase price equals \$206,615 after applying the credit per the terms of the Development Agreement and would be paid over a four year period. Mr. Erickson explained the Second Amendment To Development Agreement that has been prepared by Bond Counsel that formally documents the way in which the matter would be resolved.

Mr. Dunlap asked about other projects completed in the DDA area. Mr. Erickson summarized several projects including Lowes, Gander Mountain, Meijer remodel, Bennigans, among others. Mr. Erickson noted that Trade Centre II is adjacent to the DDA area but not located within the district. Mr. MacDonald explained Trade Centre II was located west of Trade Centre I outside the DDA district to preserve the east portion of the property for retail uses.

After a brief discussion, a motion was offered by Boyer and seconded by Huberty that the Resolution Recommending and Authorizing Transmission of a Second Amended Development Agreement to the City Council be approved. Upon a roll call vote, Patterson, yes; Boyer, yes; Huberty, yes; Hansen, yes; MacDonald, abstain; Ronald Dunlap, yes; and Evans, yes. The motion was approved 6-0-1.

STATEMENT OF CITIZENS:

None.

ADJOURNMENT:

There being no further business to come before the DDA, the meeting was adjourned at 8:45 a.m.

Respectfully submitted,

Jeffrey M. Erickson, AICP
Director of Community Development