

CITY OF  
**PORTAGE**  
*A Place for Opportunities to Grow*

**DOWNTOWN DEVELOPMENT  
AUTHORITY**

**February 16, 2012**

**CITY OF PORTAGE  
DOWNTOWN DEVELOPMENT AUTHORITY**

**A G E N D A**

February 16, 2012

**CALL TO ORDER:**

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

**APPROVAL OF MINUTES:**

\* June 29, 2011

**BUSINESS:**

- \*1. Resolution Authorizing Refunding of the City of Portage Downtown Development Authority Bonds, Series 2001
  - Communication from Finance Director
  - Resolution Authorizing the Refunding of the City of Portage Downtown Development Authority Bonds, Series 2001
  
- \*2. FY 2010-11 Annual Financial Report
  - Communication from Authority Director/Community Development Director.
  - Resolution Approving and Authorizing the Transmission of the Financial Report on the Status of the Tax Increment Financing Plan.

**STATEMENT OF CITIZENS:**

**ADJOURNMENT:**

**MATERIALS TRANSMITTED**

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

DOWNTOWN DEVELOPMENT AUTHORITY

DRAFT

Minutes of Meeting – Wednesday, June 29, 2011

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:

Terry Patterson, Benjamin Boyer, Matthew Milks, James Huberty, Walter Hansen, Rich MacDonald, Ronald Dunlap, Jeff Chrystal and Maurice Evans.

MEMBERS EXCUSED:

None.

IN ATTENDANCE:

Jeffrey M. Erickson, Director of Community Development; Daniel Foecking, Finance Director; Christopher Barnes, Director of Transportation and Utilities; Vicki Georgeau, Deputy Director of Neighborhood Services.

APPROVAL OF MINUTES:

The minutes of the April 13, 2011 meeting were introduced for approval. A motion was offered by Boyer and seconded by Evans to approve the meeting minutes as presented. The motion was unanimously approved.

BUSINESS:

1. Election of Officers.

Mr. Erickson reviewed the DDA member listing, current officers, and the Articles of Incorporation. A motion was offered by MacDonald and seconded by Hansen to elect Patterson as President, Boyer as Vice-President, Milks as Secretary and Huberty as Treasurer. The motion was unanimously approved.

2. 2011 Amended Tax Increment Finance Plan/2011 Amended Development Plan

Mr. Erickson reviewed the June 20<sup>th</sup> communication concerning the 2011 DDA Project and the two resolutions that require approval by the DDA: the first to implement the Amended Development Plan and Amended Tax Increment Financing Plan; and the second approving the Phase III Development Agreement. Mr. Erickson further indicated that on June 28, 2011 the City Council approved the Special Assessment Roll and contract for the project. The next steps in the process include City Council review of the Amended Development Plan implementation and Phase III Development Agreement on July 12<sup>th</sup>, land sales/transfers, and initiation of the public improvement project which will be substantially complete by the end of 2011. Subsequently, the developer is anticipated to initiate a project within the DDA that will involve an upscale hotel and/or office development. Dunlap inquired if there were any objections during the public hearing process for the project. Mr. Erickson noted there were two inquiries, one from the owner of the Midas store on South Westnedge Avenue, and the other from a residential property owner on West Kilgore Avenue. Both owners had general questions regarding the scope of the project and any impacts on their respective properties. With regard to the Midas store, while the 2011 DDA project will not impact the Midas property, the owner was primarily concerned with additional impacts on access to his property that may result from the SWEPS improvements proposed within the DDA in FY 2018.

**DRAFT**

There being no further discussion, a motion was offered by Boyer and seconded by Hansen that the Resolution Approving Agreement to Implement the Amended Development Plan and Amended Tax Increment Financing Plan be approved. Upon a roll call vote, the motion was unanimously approved. A motion was then offered by Chrystal and seconded by Dunlap that the Resolution Approving the Development Agreement be approved. Upon a roll call vote, the motion was unanimously approved.

STATEMENT OF CITIZENS: Rich MacDonald thanked Mr. Erickson for his years of service and dedication to the city and wished him well with his retirement.

ADJOURNMENT:

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

Respectfully submitted,

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Vicki Georgeau, AICP  
Deputy Director of Neighborhood Services

# CITY OF PORTAGE

# COMMUNICATION

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**TO:** Downtown Development Authority Board of Directors

**DATE:** February 6, 2012

**FROM:** Daniel S. Foecking, Finance Director



**SUBJECT:** Adoption of Bond Refunding Resolution

**ACTION RECOMMENDED:** That the DDA Board adopt the Resolution Authorizing Refunding of the City of Portage Downtown Development Authority Bonds, Series 2001.

The attached Downtown Development Authority Bond Refunding Resolution was prepared by Bond Counsel John Axe as part of the legal process required to refinance existing Downtown Development Authority Bonds. The present value savings from the Downtown Development Authority Bond refinancing will be approximately \$128,471. Bids will be taken on February 23, 2012.

Interest rates associated with the maturities 2012 through 2021 range from 4.5% to 5.05% whereas a net cost of interest on the refinancing bond issue of approximately 3.3% is expected. This refinance allows for restructuring which will adjust debt service payments to coincide with captured revenues from new development.

cc: Victoria Georgeau, Community Development Director  
John R Axe, Bond Counsel



**\$2,600,000**  
**City of Portage**  
**Downtown Development Limited Tax Refunding Bonds, Series 2012**  
**(Maturities Extended 5 Years to Fiscal Year Ending 2027)**

**NET SOURCES AND USES**

Dated Date: 03/01/12  
Closing Date: 03/01/12

Sources:

Bond Proceeds	\$2,600,000.00
Issuer Contribution	0.00
Accrued Interest	0.00
	<hr/>
	<b><u>\$2,600,000.00</u></b>

Uses:

Escrow Fund	\$2,520,000.00
Costs of Issuance	50,000.00
Underwriter's Discount (1.0%)	26,000.00
Interest Account	0.00
Available Amount	4,000.00
	<hr/>
	<b><u>\$2,600,000.00</u></b>

Net Savings:	(\$80,602.50)
Present Value Savings:	\$128,471.78
Percent of refunded par:	5.098%



**\$2,600,000**  
**City of Portage**  
**Downtown Development Limited Tax Refunding Bonds, Series 2012**

**NEW DEBT SERVICE**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Fiscal Total</b>	<b>3.30067%</b>
						<b>Present Value Debt Service</b>
10/01/12	\$160,000.00	2.000%	\$46,130.00	\$206,130.00		\$202,230.94
04/01/13			37,940.00	37,940.00	\$244,070.00	36,618.02
10/01/13	185,000.00	2.000%	37,940.00	222,940.00		211,678.51
04/01/14			36,090.00	36,090.00	259,030.00	33,710.63
10/01/14	80,000.00	2.000%	36,090.00	116,090.00		106,675.81
04/01/15			35,290.00	35,290.00	151,380.00	31,901.71
10/01/15	75,000.00	2.300%	35,290.00	110,290.00		98,082.08
04/01/16			34,427.50	34,427.50	144,717.50	30,119.67
10/01/16	80,000.00	2.500%	34,427.50	114,427.50		98,484.15
04/01/17			33,427.50	33,427.50	147,855.00	28,302.90
10/01/17	75,000.00	2.700%	33,427.50	108,427.50		90,314.55
04/01/18			32,415.00	32,415.00	140,842.50	26,561.68
10/01/18	95,000.00	2.900%	32,415.00	127,415.00		102,712.01
04/01/19			31,037.50	31,037.50	158,452.50	24,613.80
10/01/19	295,000.00	3.000%	31,037.50	326,037.50		254,361.06
04/01/20			26,612.50	26,612.50	352,650.00	20,424.90
10/01/20	315,000.00	3.100%	26,612.50	341,612.50		257,928.42
04/01/21			21,730.00	21,730.00	363,342.50	16,140.48
10/01/21	310,000.00	3.200%	21,730.00	331,730.00		242,399.98
04/01/22			16,770.00	16,770.00	348,500.00	12,055.14
10/01/22	175,000.00	3.400%	16,770.00	191,770.00		135,615.98
04/01/23			13,795.00	13,795.00	205,565.00	9,597.17
10/01/23	180,000.00	3.500%	13,795.00	193,795.00		132,634.09
04/01/24			10,645.00	10,645.00	204,440.00	7,167.20
10/01/24	185,000.00	3.600%	10,645.00	195,645.00		129,587.69
04/01/25			7,315.00	7,315.00	202,960.00	4,766.51
10/01/25	190,000.00	3.700%	7,315.00	197,315.00		126,484.55
04/01/26			3,800.00	3,800.00	201,115.00	2,396.36
10/01/26	200,000.00	3.800%	3,800.00	203,800.00	203,800.00	126,434.01
<b><u>\$2,600,000.00</u></b>			<b><u>\$728,720.00</u></b>	<b><u>\$3,328,720.00</u></b>	<b><u>\$3,328,720.00</u></b>	<b><u>\$2,600,000.00</u></b>

Dated Date:	03/01/12	Principal:	\$2,600,000.00
Closing Date:	03/01/12	Accrued Interest:	0.00
		Credit Enhancement:	0.00
		Orig Issue Prem/(Disc):	0.00

**\$2,600,000.00**



**\$2,600,000**  
**City of Portage**  
**Downtown Development Limited Tax Refunding Bonds, Series 2012**

**NET PRESENT VALUE SAVINGS ANALYSIS**

Net Present Value Savings/(Loss):      \$128,471.78

Date	Outstanding Debt Service	Remaining Non-Refunded Debt-Service	New Debt Service	Net Savings/(Loss)	Fiscal Net Savings/(Loss)	3.30067% Present Value Savings/(Loss)
04/01/12	\$61,627.50	\$61,627.50	\$0.00	\$0.00	\$0.00	\$0.00
10/01/12	206,627.50		206,130.00 *	497.50		488.09
04/01/13	58,365.00		37,940.00	20,425.00	20,922.50	19,713.31
10/01/13	223,365.00		222,940.00	425.00		403.53
04/01/14	54,570.00		36,090.00	18,480.00	18,905.00	17,261.64
10/01/14	239,570.00		116,090.00	123,480.00		113,466.53
04/01/15	50,222.50		35,290.00	14,932.50	138,412.50	13,498.79
10/01/15	260,222.50		110,290.00	149,932.50		133,336.58
04/01/16	45,182.50		34,427.50	10,755.00	160,687.50	9,409.25
10/01/16	280,182.50		114,427.50	165,755.00		142,660.11
04/01/17	39,542.50		33,427.50	6,115.00	171,870.00	5,177.54
10/01/17	304,542.50		108,427.50	196,115.00		163,353.75
04/01/18	33,050.00		32,415.00	635.00	196,750.00	520.34
10/01/18	323,050.00		127,415.00	195,635.00		157,705.64
04/01/19	25,800.00		31,037.50	(5,237.50)	190,397.50	(4,153.52)
10/01/19	350,800.00		326,037.50	24,762.50		19,318.68
04/01/20	17,675.00		26,612.50	(8,937.50)	15,825.00	(6,859.47)
10/01/20	367,675.00		341,612.50	26,062.50		19,678.03
04/01/21	8,837.50		21,730.00	(12,892.50)	13,170.00	(9,576.21)
10/01/21	358,837.50		331,730.00	27,107.50		19,807.85
04/01/22			16,770.00	(16,770.00)	10,337.50	(12,055.14)
10/01/22			191,770.00	(191,770.00)		(135,615.98)
04/01/23			13,795.00	(13,795.00)	(205,565.00)	(9,597.17)
10/01/23			193,795.00	(193,795.00)		(132,634.09)
04/01/24			10,645.00	(10,645.00)	(204,440.00)	(7,167.20)
10/01/24			195,645.00	(195,645.00)		(129,587.69)
04/01/25			7,315.00	(7,315.00)	(202,960.00)	(4,766.51)
10/01/25			197,315.00	(197,315.00)		(126,484.55)
04/01/26			3,800.00	(3,800.00)	(201,115.00)	(2,396.36)
10/01/26			203,800.00	(203,800.00)	(203,800.00)	(126,434.01)
	<u>\$3,309,745.00</u>	<u>\$61,627.50</u>	<u>\$3,328,720.00</u>	<u>(\$80,602.50)</u>	<u>(\$80,602.50)</u>	<u>\$128,471.78</u>

\* Less accrued interest.



**\$3,100,000**  
**City of Portage**  
**Downtown Development Limited Tax Bonds, Series 2001**

**REMAINING ORIGINAL DEBT SERVICE SCHEDULE**

						<b>3.30067%</b>
<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Fiscal Total</b>	<b>Present Value Debt Service</b>
04/01/12			\$61,627.50	\$61,627.50	\$61,627.50	\$61,459.60
10/01/12	\$145,000.00	4.500%	61,627.50	206,627.50		202,719.03
04/01/13			58,365.00	58,365.00	264,992.50	56,331.34
10/01/13	165,000.00	4.600%	58,365.00	223,365.00		212,082.04
04/01/14			54,570.00	54,570.00	277,935.00	50,972.26
10/01/14	185,000.00	4.700%	54,570.00	239,570.00		220,142.34
04/01/15			50,222.50	50,222.50	289,792.50	45,400.50
10/01/15	210,000.00	4.800%	50,222.50	260,222.50		231,418.66
04/01/16			45,182.50	45,182.50	305,405.00	39,528.92
10/01/16	235,000.00	4.800%	45,182.50	280,182.50		241,144.26
04/01/17			39,542.50	39,542.50	319,725.00	33,480.45
10/01/17	265,000.00	4.900%	39,542.50	304,542.50		253,668.31
04/01/18			33,050.00	33,050.00	337,592.50	27,082.01
10/01/18	290,000.00	5.000%	33,050.00	323,050.00		260,417.66
04/01/19			25,800.00	25,800.00	348,850.00	20,460.28
10/01/19	325,000.00	5.000%	25,800.00	350,800.00		273,679.74
04/01/20			17,675.00	17,675.00	368,475.00	13,565.43
10/01/20	350,000.00	5.050%	17,675.00	367,675.00		277,606.45
04/01/21			8,837.50	8,837.50	376,512.50	6,564.26
10/01/21	350,000.00	5.050%	8,837.50	358,837.50	358,837.50	262,207.83
	<b><u>\$2,520,000.00</u></b>		<b><u>\$789,745.00</u></b>	<b><u>\$3,309,745.00</u></b>	<b><u>\$3,309,745.00</u></b>	<b><u>\$2,789,931.39</u></b>



**\$3,100,000**  
**City of Portage**  
**Downtown Development Limited Tax Bonds, Series 2001**

**REMAINING NON-REFUNDED ORIGINAL DEBT SERVICE SCHEDULE**

						3.30067%
<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Fiscal Total</u>	<u>Present Value Debt Service</u>
04/01/12			\$61,627.50	\$61,627.50	\$61,627.50	\$61,459.60
	<u>\$0.00</u>		<u>\$61,627.50</u>	<u>\$61,627.50</u>	<u>\$61,627.50</u>	<u>\$61,459.60</u>



**\$3,100,000**  
**City of Portage**  
**Downtown Development Limited Tax Bonds, Series 2001**

REDEMPTION SCHEDULE

Redemption Premium: 0.00%

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Redeemed Principal</u>	<u>Redemption Premium</u>	<u>Total Debt Service</u>	<u>Fiscal Total</u>	<u>3.30067% Present Value</u>
04/01/12	\$0.00	\$0.00	\$2,520,000.00	\$0.00	\$2,520,000.00	\$2,520,000.00	\$2,513,134.54
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$2,520,000.00</u>	<u>\$0.00</u>	<u>\$2,520,000.00</u>	<u>\$2,520,000.00</u>	<u>\$2,513,134.54</u>



**\$3,100,000**  
**City of Portage**  
**Downtown Development Limited Tax Bonds, Series 2001**

**ESCROW CASH FLOW ANALYSIS**

March 1, 2012 Beginning Cash Balance: \$0.00

Date	Beginning Cash Balance	SLGS Principal	SLGS Rate	Rates Available *	SLGS Interest	Debt Service Defeasance	Net Cash Flow	Ending Cash Balance	0.00000% Present Value
03/01/12	\$0.00							\$0.00	
04/01/12		\$2,520,000.00	0.000%	0.000%	\$0.00	\$2,520,000.00	\$0.00	0.00	\$2,520,000.00
		<u>\$2,520,000.00</u>			<u>\$0.00</u>	<u>\$2,520,000.00</u>			<u>\$2,520,000.00</u>

\* October 6, 2011 SLGS Rate Table.

Total Cost of Escrow Securities: \$2,520,000.00

**CITY OF PORTAGE  
DOWNTOWN DEVELOPMENT AUTHORITY**

**RESOLUTION SUBMITTING AN ESTIMATE OF ANTICIPATED  
TAX INCREMENT REVENUE TO BE AVAILABLE FOR PAYMENT OF  
REFUNDING BONDS, RECOMMENDING ADOPTION OF REFUNDING BOND  
RESOLUTION AND FORWARDING  
PROPOSED FORM OF REFUNDING BOND RESOLUTION**

Minutes of the Board of Directors of the Downtown Development Authority of the City of Portage, County of Kalamazoo, Michigan, held at the City of Portage, on \_\_\_\_\_, 2012 at \_\_\_:\_\_\_ .m., Eastern Standard Time, there were

PRESENT: \_\_\_\_\_  
\_\_\_\_\_

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

The following resolution was offered by Director \_\_\_\_\_ and supported by Director \_\_\_\_\_.

WHEREAS, pursuant to Act No. 197 of the Public Acts of Michigan of 1975, as amended (the "Act"), the City of Portage Downtown Development Authority (the "Authority") has a tax increment plan/development plan (the "Development Plan") to assist in the development and redevelopment of all or a portion of the downtown district and to assist in the payment of all or a part of the costs associated with the activities of the Authority and the implementation of the Development Plan; and

WHEREAS, in order to provide funds to finance the Development Plan, it was necessary for the City to issue its City of Portage Downtown Development Limited Tax Bonds, Series 2001 dated July 1, 2001 as authorized by Section 16(1) of Act 197 (the "2001 Bonds"); and

WHEREAS, the 2001 Bonds remain outstanding in various aggregate principal amounts which mature in various principal amounts in various years and bear interest at various rates per annum which rates of interest are higher than those now prevailing; and

WHEREAS, Act 197 authorizes the City to refund all or any part of its indebtedness; and

WHEREAS, the Authority will authorize the issuance of the not to exceed \$2,700,000 City of Portage Downtown Development Limited Tax Refunding Bonds, Series 2012 (the "Refunding Bonds") so long as such refunding generates present value savings; and

WHEREAS, the Authority wishes to ratify the actions of the City Council in taking the necessary steps to issue such Refunding Bonds and has reviewed the necessary estimate of the anticipated tax increment revenues available to pay the Refunding Bonds, a copy of which is attached as Appendix A to this Resolution (the "Estimate of Revenues"); and

WHEREAS, the Authority hereby ratifies and approves the form of refunding bond resolution (the "Refunding Bond Resolution"), to accomplish this purpose and ratifies the adoption of it by the City Council, a copy of such Refunding Bond Resolution is attached to this Resolution as Appendix B.

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

1. The Authority hereby approves the Estimate of Revenues attached hereto as Appendix A.

2. The action of the City Council in adopting the Refunding Bond Resolution in the form attached to this Resolution as Appendix B is hereby ratified and approved.

3. The Authority hereby authorizes the Chief Administrative Officer of the City, if necessary, to file an application for approval to issue the Refunding Bonds with the Michigan Department of Treasury and to pay the related fee.

BE IT THEREFORE RESOLVED that all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and are hereby rescinded.

YEAS: \_\_\_\_\_  
\_\_\_\_\_

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

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

This resolution was declared adopted.

\_\_\_\_\_  
Chairman, City of Portage  
Downtown Development  
Authority

**CERTIFICATE**

I hereby certify that the foregoing is a true and complete copy of a resolution adopted at a \_\_\_\_\_ meeting of the City of Portage Downtown Development Authority on the \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Chairman, City of Portage  
Downtown Development  
Authority

las.r1-por196

**APPENDIX A**

PROJECTED TAX INCREMENT REVENUES  
AND DEBT SERVICE COVERAGE

[PLEASE SEE ATTACHED SCHEDULE]

las.r1-por196

**Appendix A**

**City of Portage Downtown Development Authority  
Estimated Captured Revenues  
and Annual Debt Service on Outstanding Bonds and Refunding Bonds**

<b>Year</b>	<b>Estimated Revenues</b>	<b>Actual Annual Debt Service on 2003 Bonds</b>	<b>Estimated Annual Debt Service on Refunding Bonds</b>	<b>Cummulative Coverage</b>
Beginning Balance				\$345,642.54
2013	\$382,301.66	\$188,118.75	\$244,070.00	\$295,755.45
2014	\$391,401.77	\$185,118.75	\$259,030.00	\$243,008.48
2015	\$400,638.39	\$182,118.75	\$151,380.00	\$310,148.12
2016	\$410,013.55	\$204,118.75	\$144,717.50	\$371,325.42
2017	\$419,529.34	\$225,118.75	\$147,855.00	\$417,881.01
2018	\$429,187.87	\$244,931.25	\$140,842.50	\$461,295.14
2019	\$438,991.28	\$238,481.25	\$158,452.50	\$503,352.66
2020	\$448,941.73	\$256,881.25	\$352,650.00	\$342,763.15
2021	\$459,041.45	\$259,006.25	\$363,342.50	\$179,455.85
2022	\$469,292.66	\$265,681.25	\$348,500.00	\$34,567.25
2023	\$479,697.64	\$271,481.25	\$205,565.00	\$37,218.64
2024	\$490,258.69	\$271,537.50	\$204,440.00	\$51,499.83
2025	\$500,978.16	\$261,131.25	\$202,960.00	\$88,386.74
2026	\$511,858.42	\$265,725.00	\$201,115.00	\$133,405.15
2027	\$522,901.88	\$263,125.00	\$203,800.00	\$189,382.03
	\$6,755,034.49	\$3,582,575.00	\$3,328,720.00	

**APPENDIX B**  
**[PLEASE SEE ATTACHED REFUNDING BOND RESOLUTION]**

**CITY OF PORTAGE**

At a \_\_\_\_\_ meeting of the City Council of the City of Portage, Kalamazoo County, Michigan (the "City"), held in the City of Portage Hall in said City, on \_\_\_\_\_, 2012 at \_\_\_:\_\_\_ .m., Eastern Standard Time, there were

PRESENT: \_\_\_\_\_  
\_\_\_\_\_

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

The following resolution was offered by \_\_\_\_\_ and seconded by \_\_\_\_\_.

**REFUNDING BOND RESOLUTION**

**City of Portage**

**County of Kalamazoo, State of Michigan**

**Downtown Development Limited Tax Refunding Bonds, Series 2012**

WHEREAS, on July 12, 2001, at the request of the City of Portage Downtown Development Authority (the "Authority"), the City of Portage (the "City"), pursuant to Act No. 197, Public Acts of Michigan, 1975, as amended ("Act 197"), and pursuant to a Tax Increment Finance Plan/Development Plan (the "Plan"), issued its \$3,100,000 City of Portage Downtown Development Limited Tax Bonds, Series 2001 dated July 1, 2001 (the "2001 Bonds"), of which \$2,520,000 remains outstanding; and

WHEREAS, the City may call \$2,520,000 of the 2001 Bonds on April 1, 2012; and

WHEREAS, the 2001 Bonds were issued at a time when interest rates were higher than is currently the case and, accordingly, bear rates of interest in excess of current tax-exempt interest rates; and

WHEREAS, the Authority will determine that it is necessary and appropriate at this time to issue a series of Refunding Bonds pursuant to Act 197 and pursuant to Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34"), to refund all or part of the 2001 Bonds so long as such refunding generates present value savings; and

WHEREAS, the Authority will ratify and approve this form of refunding bond resolution to be adopted for this purpose; and

WHEREAS, an estimate of the tax increment revenues to be available for the payment of the principal of and interest on refunding bonds to be issued by the City is attached hereto as Appendix A; and

WHEREAS, the refunding bonds to be issued by the City are to be payable primarily from tax increment revenues to be received by the Authority (the "Tax Increment Revenues") pursuant to Act 197 and the Plan.

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

1. **Issuance of Refunding Bonds.** Refunding Bonds aggregating in the principal amount not to exceed Two Million Seven Hundred Thousand Dollars (\$2,700,000) (the "Refunding Bonds") shall be issued and sold pursuant to the provisions of Act 34, and other applicable statutory provisions, for the purpose of refunding the all of the 2001 Bonds except for the interest payment due on April 1, 2012 (the "Refunded Bonds") so long as such refunding generates present value savings.

2. **Refunding Bond Details.** The Refunding Bonds shall be known as "City of Portage Downtown Development Limited Tax Refunding Bonds, Series 2012" and shall be issued in anticipation of the receipt by the City of the Tax Increment Revenues for each year through and including the year ending June 30, 2027 and shall be dated March 1, 2012 or such later date not more than twelve calendar months thereafter as the City Finance Director shall provide in the Request for Proposal. The Refunding Bonds shall be fully registered Refunding Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards as determined by the City Finance Director, regardless of rate and maturity date. The total amount of Refunding Bonds to be issued shall not exceed \$2,700,000. Subject, however, to adjustment as described under "INCREASE OR DECREASE IN AGGREGATE AMOUNT OF REFUNDING BONDS", Section 7, if \$2,600,000 in Refunding Bonds are to be issued, the Refunding Bonds shall mature on October 1 in each year as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2012	\$160,000	2017	\$ 75,000	2022	\$175,000
2013	185,000	2018	95,000	2023	180,000
2014	80,000	2019	295,000	2024	185,000
2015	75,000	2020	315,000	2025	190,000
2016	80,000	2021	310,000	2026	200,000

The Refunding Bonds shall be in substantially the form attached hereto as *EXHIBIT A* with such changes, additions or deletions as are not inconsistent with this resolution.

3. **Interest Payment and Date of Record.** The Refunding Bonds shall bear interest payable October 1, 2012 and each April 1 and October 1 thereafter, until maturity, which interest shall not exceed 6% per annum. Interest shall be paid by check or draft mailed to the registered owner of each Refunding Bond as of the applicable date of record, provided, however, that the City Finance Director may agree with the bond registrar on a

different method of payment. If interest is paid differently, the Refunding Bond form attached as Exhibit A and Request for Proposal form attached as Exhibit D shall be changed accordingly.

The date of record for each interest payment shall be the 15th day of the calendar month preceding the date such payment is due.

4. **Prior Redemption.** The Refunding Bonds maturing prior to October 1, 2022 shall not be subject to redemption prior to maturity. Refunding Bonds on or after October 1, 2022 shall be subject to redemption prior to maturity at the option of the Authority, in any order, in whole or in part on any date on or after October 1, 2021. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a refunding bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a refunding bond is called for redemption, upon surrender of the Refunding Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Refunding Bond a new refunding bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each refunding bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the refunding bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar to redeem the same.

5. **Discount.** The Refunding Bonds may be offered for sale at par or at a price of not less than 99% of the face amount thereof, and the City Finance Director is authorized, in his or her discretion, to provide for a higher minimum purchase price in the Request for Proposal of the Refunding Bonds.

6. **Adjustment of Refunding Bond Maturities.** The City Finance Director is authorized by order in the form attached as *EXHIBIT B* to adjust the amounts of the maturities of the Refunding Bonds, as set forth in Section 7.

7. **Increase or Decrease in Aggregate Amount of Refunding Bonds.** In the event the amount necessary to refund the Refunded Bonds shall be more or less than \$2,600,000, the City Finance Director shall increase the principal amount of the Refunding

Bonds by up to \$100,000, or decrease the principal amount of the Refunding Bonds by any amount to the extent required to avoid the issuance of more Refunding Bonds than will be required in light of the amount of Refunding Bonds to be issued and proposals received, which increase or decrease may be applied to any one or more of the maturities and the Request for Proposal attached as *Exhibit D* shall so provide or be changed accordingly. In the event the City or the Authority determines to contribute additional amounts toward the refunding of the bonds, the bonds shall further be reduced by the amount of such contribution.

8. **Payment of Refunding Bonds; Pledge of Tax Increment Revenues.** The Refunding Bonds shall be a general obligation of the City, but shall be payable in the first instance from the Tax Increment Revenues collected by the Authority. Such Tax Increment Revenues and other funds which are the proceeds of Tax Increment Revenues held by the Authority may be used to make such payments. The Authority has heretofore pledged and the City hereby pledges all of the estimated Tax Increment Revenues (see Appendix A hereto), subject to those Tax Increment Revenues already pledged to the City to permit the City to retire the outstanding City of Portage Downtown Development Limited Tax Bonds, Series 2003, for payment of the principal of and interest on the Refunding Bonds and a first security interest is granted in the Tax Increment Revenues (to the extent so pledged) to continue until the payment in full of the principal of and interest on the Refunding Bonds.

9. (A) **Bond Registrar and Paying Agent/Book Entry Depository Trust.** The City Finance Director shall designate, and shall enter into an agreement with, a bond registrar and paying agent for the Refunding Bonds which shall be a bank or trust company located in the State of Michigan which is qualified to act in such capacity under the laws of the United States of America or the State of Michigan. The City Finance Director from time to time as required may designate a similarly qualified successor bond registrar and paying agent. If so designated the Refunding Bonds shall be deposited with a depository trustee designated by the City Finance Director who shall transfer ownership of interests in the Refunding Bonds by book entry and who shall issue depository trust receipts or acknowledgments to owners of interests in the Refunding Bonds. Such book entry depository trust arrangement, and the form of depository trust receipts or acknowledgments, shall be as determined by the City Finance Director after consultation with the depository trustee. The City Finance Director is authorized to enter into any depository trust agreement on behalf of the City upon such terms and conditions as the City Finance Director shall deem appropriate and not otherwise prohibited by the terms of this Resolution, which Contract shall be executed by the City Finance Director. The depository trustee may be the same as the Registrar otherwise named by the City Finance Director, and the Refunding Bonds may be transferred in part by depository trust and in part by

transfer of physical certificates as the City Finance Director may determine.

(B) **Exchange and Transfer of Bonds.**

(i) The Refunding Bonds, upon surrender thereof to the bond registrar and paying agent with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney, at the option of the registered owner thereof, may be exchanged for Refunding Bonds of any other authorized denominations of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Refunding Bonds.

(ii) The Refunding Bonds shall be transferable upon the books of the City, which shall be kept for that purpose by the bond registrar and paying agent, only upon surrender of such Refunding Bonds together with a written instrument of transfer satisfactory to the bond registrar and paying agent duly executed by the registered owner or his duly authorized attorney.

(iii) Upon the exchange or transfer of the Refunding Bonds, the bond registrar and paying agent on behalf of the City shall cancel the surrendered Refunding Bonds and shall authenticate and deliver to the transferee new Refunding Bonds of any authorized denomination of the same aggregate principal amount and maturity date and bearing the same rate of interest as the surrendered Refunding Bonds. If, at the time the bond registrar and paying agent authenticates and delivers new Refunding Bonds pursuant to this Section, payment of interest on the Refunding Bonds is in default, the bond registrar and paying agent shall endorse upon the new Refunding Bonds the following: "Payment of interest on this bond is in default. The last date to which interest has been paid is \_\_\_\_\_, \_\_\_\_."

(iv) The City and the bond registrar and paying agent may deem and treat the person in whose name the Refunding Bonds shall be registered upon the books of the City as the absolute owner of such Refunding Bonds, whether such Refunding Bonds shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Refunding Bonds and for all other purposes, and all payments made to any such registered owner, or upon his or her order, in accordance with the provisions of Section 5 of this Resolution shall be valid and effectual to satisfy and discharge the liability upon such Refunding Bonds to the extent of the sum or sums so paid, and neither the City nor the bond registrar and paying agent shall be affected by any notice to the contrary. The City agrees to indemnify and save the bond registrar and paying agent harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence hereunder, in so treating such registered owner.

(v) For every exchange or transfer of the Refunding Bonds, the City or the bond registrar and paying agent may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

(vi) The bond registrar and paying agent shall not be required to transfer or exchange the Refunding Bonds or portion of the Refunding Bonds which has been selected for redemption.

10. **Mutilated, Lost, Stolen or Destroyed Refunding Bonds.** In the event any Refunding Bond is mutilated, lost, stolen or destroyed, the Mayor and the City Clerk may, on behalf of the City, execute and deliver, a new Refunding Bond having a number not then outstanding, of like date, maturity and denomination as that mutilated, lost, stolen or destroyed.

In the case of a mutilated Refunding Bond, a replacement Refunding Bond shall not be delivered unless and until such mutilated Refunding Bond is surrendered to the Bond Registrar. In the case of a lost, stolen or destroyed Refunding Bond, a replacement Refunding Bond shall not be delivered unless and until the City and the Bond Registrar shall have received such proof of ownership and loss and indemnity as they determine to be sufficient, which shall consist at least of (i) a lost instrument Refunding Bond for principal and interest remaining unpaid on the lost, stolen or destroyed Refunding Bond; (ii) an affidavit of the registered owner (or his or her attorney) setting forth ownership of the Refunding Bond lost, stolen or destroyed and the circumstances under which it was lost, stolen or destroyed; (iii) the agreement of the owner of the Refunding Bond (or his or her attorney) to fully indemnify the City and the Bond Registrar against loss due to the lost, stolen or destroyed Refunding Bond and the issuance of any replacement Refunding Bond; and (iv) the agreement of the owner of the Refunding Bond (or his or her attorney) to pay all expenses of the City and the Bond Registrar in connection with the replacement, including the transfer and exchange costs which otherwise would be paid by the City.

11. **Execution and Delivery.** The Mayor and the City Clerk are hereby authorized and directed to execute the Refunding Bonds for and on behalf of the City by manually executing the same or by causing their facsimile signatures to be affixed. If facsimile signatures are used, the Refunding Bonds shall be authenticated by the Bond Registrar before delivery. The Refunding Bonds shall be sealed with the City's seal or a facsimile thereof shall be imprinted thereon. When so executed and (if facsimile signatures are used) authenticated, the Refunding Bonds shall be delivered to the City Finance Director, who is hereby authorized and directed to deliver the Refunding

Bonds to the purchaser upon receipt in full of the purchase price for the Refunding Bonds.

12. **City's Limited Tax Pledge.** The principal of and interest on the Refunding Bonds shall be payable primarily out of the Tax Increment Revenues for each year through and including the year ending June 30, 2027, in anticipation of which the Refunding Bonds are to be issued. In addition, the limited tax pledge of the City is to be irrevocably pledged to the prompt payment of the principal of and interest on the Refunding Bonds when due. If the foregoing collections of Tax Increment Revenues shall not be sufficient to pay the principal of and the interest on the Refunding Bonds as the same shall become due, then moneys sufficient to meet the deficiency shall be advanced from the General Fund of the City. The City's ability to raise such funds is subject to applicable constitutional and statutory limitations on the taxing power of the City.

13. **Principal and Interest Fund.** All monies paid to the City from tax increment revenues pursuant to the Plan shall be set aside by the City in a separate fund hereby established, to be known as the "Bond Payment Fund." All moneys in the Bond Payment Fund shall be kept in a separate depository account with one or more banks or trust companies where the principal of and interest on the Bonds are payable, and such moneys shall be used solely for the purpose of (i) paying principal of, premium, if any, and interest on the Refunding Bonds as well as costs, including the fees and expenses of the Bond Registrar, incidental to the Refunding Bonds; (ii) the annual fees and expenses of the escrow agent under an escrow agreement; and (iii) the fees and expenses of the paying agent or paying agents for the Refunding Bonds. All accrued interest and the premium, if any, received from the purchaser of the Refunding Bonds shall be deposited in the Bond Payment Fund upon receipt.

14. **Use of Proceeds.** The proceeds of the sale of the Refunding Bonds shall be used as follows:

- a. Accrued interest shall be transferred to the Bond Payment Fund created pursuant to Section 15 above;
- b. There shall next be transferred to an escrow fund (the "Escrow Fund") an amount which will be sufficient to pay when due the principal of, premium, if any, and interest on the Refunded Bonds when due upon redemption; and
- c. The balance of the proceeds shall be used to pay some or all of the costs of financing including, but not limited to, publication costs, financial costs, consultant fees, counsel fees, printing costs, application fees, bond insurance premiums, rating fees and any other fees or costs incurred in connection with the financing.

15. **Escrow Agreement; Redemption of Refunded Bonds.** In order that the Refunded Bonds may be properly defeased in accordance with Act 34, the City shall enter into an escrow agreement as may be determined by the City Finance Director (the "Escrow Agreement"), with a bank or trust company designated by the City Finance Director. The Escrow Agreement shall be in substantially the form attached as *EXHIBIT C* to this Resolution (with such changes, modifications and additions as may be approved by the City Finance Director). The Escrow Agreement shall be completed by the City Finance Director with appropriate figures prior to execution on behalf of the City by the City Finance Director.

Upon execution of the Escrow Agreement and delivery of the Refunding Bonds, the City and/or the escrow agent shall take all necessary steps to cause the Refunded Bonds to be redeemed at the earliest possible redemption date or dates.

16. **Investments.** Moneys in the Bond Payment Fund may be continuously invested and reinvested in United States government obligations, obligations the principal and interest on which are unconditionally guaranteed by the United States government, or in interest-bearing time deposits selected by the City Finance Director which are permissible investments for surplus funds under Act No. 20, Public Acts of Michigan, 1943, as amended. Such investments shall mature, or be subject to redemption at the option of the holder, not later than the dates moneys in such fund will be required to pay the principal of, premium, if any, and interest on the Refunding Bonds. Obligations purchased as an investment of moneys in the Bond Payment Fund shall be deemed at all times to be a part of such fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such fund.

17. **Depositories.** All of the banks located in the State of Michigan are hereby designated as permissible depositories of the moneys in the funds established by this Resolution, except that the moneys in the Bond Payment Fund shall only be deposited in such banks where the principal of and interest on the Refunding Bonds are payable. The City Finance Director shall select the depository or depositories to be used from those banks authorized in this Section.

18. **Arbitrage and Tax Covenants.** Notwithstanding any other provision of this resolution, the City covenants that it will not at any time or times:

(a) Permit any proceeds of the Refunding Bonds or any other funds of the City or under its control to be used directly or indirectly (i) to acquire any securities or obligations, the acquisition of which would cause any Refunding Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or (ii) in a

manner which would result in the exclusion of any Refunding Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of any Refunding Bond as a "private activity bond" within the meaning of Section 141(a) of the Code, as a "private loan bond" within the meaning of Section 141(a) of the Code or as an obligation guaranteed by the United States of America within the meaning of Section 149(b) of the Code; or

(b) Take any action, or fail to take any action (including failure to file any required information or other returns with the United States Internal Revenue Service or to rebate amounts to the United States, if required, at or before the time or times required), within its control which action or failure to act would (i) cause the interest on the Refunding Bonds to be includible in gross income for federal income tax purposes, cause the interest on the Refunding Bonds to be includible in computing any alternative minimum tax (other than the alternative minimum tax applicable to interest on all tax-exempt obligations generally) or cause the proceeds of the Refunding Bonds to be used directly or indirectly by an organization described in Section 501(c)(3) of the Code, or (ii) adversely affect the exemption of the Refunding Bonds and the interest thereon from the State of Michigan income taxation.

19. **Qualified Tax-Exempt Obligations.** The Refunding Bonds are designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions under the provisions of Section 265 of the Code, unless, at the time the Request for Proposal is circulated, the Refunding Bonds have been determined to be ineligible to be so designated on the basis of the City's reasonable expectations at the time of such publication. In such event, the Request for Proposal shall be changed appropriately and the Refunding Bond shall there be so designated.

20. **Defeasance or Redemption of Refunding Bonds.** If at any time,

- (a) the whole amount of the principal of and interest on all outstanding Refunding Bonds shall be paid, or
- (b) (i) sufficient moneys, or Government Obligations (as defined in this Section) not callable prior to maturity, the principal of and interest on which when due and payable will provide sufficient moneys, to pay the whole amount of the principal of and premium, if any, and interest on all outstanding Refunding Bonds as and when due at maturity or upon redemption prior to maturity shall be deposited with and held by a trustee or an escrow agent for the purpose of paying the principal of and premium, if any, and interest on such Refunding Bonds as and when due, and (ii) in

the case of redemption prior to maturity, all outstanding Refunding Bonds shall have been duly called for redemption (or irrevocable instructions to call such Refunding Bonds for redemption shall have been given)

then, at the time of the payment referred to in clause (a) of this Section or of the deposit referred to in clause (b) of this Section, the City shall be released from all further obligations under this resolution, and any moneys or other assets then held or pledged pursuant to this resolution for the purpose of paying the principal of and interest on the Refunding Bonds (other than the moneys deposited with and held by a trustee or an escrow agent as provided in clause (b) of this Section) shall be released from the conditions of this resolution, paid over to the City and considered excess proceeds of the Refunding Bonds. In the event moneys or Government Obligations shall be so deposited and held, the trustee or escrow agent holding such moneys or Government Obligations shall, within 30 days after such moneys or Government Obligations shall have been so deposited, cause a notice signed by it to be given to the registered holders thereof not more than sixty (60) days nor less than forty-five (45) days prior to the redemption setting forth the date or dates, if any, designated for the redemption of the Refunding Bonds, (y) a description of the moneys or Government Obligations so held by it, and (z) that the City has been released from its obligations under this resolution. All moneys and Government Obligations so deposited and held shall be held in trust and applied only to the payment of the principal of and premium, if any, and interest on the Refunding Bonds at maturity or upon redemption prior to maturity, as the case may be, as provided in this Section.

The trustee or escrow agent referred to in this Section shall (a) be a bank or trust company permitted by law to offer and offering the required services, (b) be appointed by resolution of the City, and (c) at the time of its appointment and so long as it is serving as such, have at least \$25,000,000 of capital and unimpaired surplus. The same bank or trust company may serve as trustee or escrow agent under this Section and as Bond Registrar so long as it is otherwise eligible to serve in each such capacity.

As used in this Section, the term "Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

21. **Filing with Municipal Finance Division.** If necessary, the Chief Administrative Officer of the City is authorized and directed to:

- (a) apply to the Municipal Finance Division of the Michigan Department of Treasury for approval of the sale of the Refunding Bonds;

(b) file with such application all required supporting material; and

(c) pay all fees required in connection therewith.

22. **Negotiated Sale - Request for Proposal:** The City hereby determines that in order to save the cost of publication of an Official Notice of Sale that it will sell the Refunding Bonds at a negotiated sale after solicitation of proposals from prospective purchasers by its Financial Consultant. The City's Financial Consultant is authorized to solicit proposals from at least twenty-five prospective purchasers and to circulate a Request for Proposal at least seven days prior to the date fixed for receipt of proposals for the purchase of the Refunding Bonds. The Request for Proposal shall be in substantially the form attached to this resolution as Exhibit D with such changes therein as are not inconsistent with this resolution and as are approved by the City Finance Director after conferring with Bond Counsel. Once all proposals are received, the City Finance Director shall determine the lowest true interest cost proposed and thereafter award the Refunding Bonds to the proposer meeting that criteria so long as such award will generate present value savings to the City. The Financial Consultant is hereby designated to act for and on behalf of the City to receive proposals for the purchase of the Refunding Bonds and together with Bond Counsel to take all other steps necessary in connection with the sale and delivery thereof.

23. **Retention of Bond Counsel.** The firm of Axe & Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan, is hereby retained to act as bond counsel for the City in connection with the issuance, sale and delivery of the Refunding Bonds.

24. **Retention of Financial Consultants.** Municipal Financial Consultants Incorporated, Grosse Pointe Farms, Michigan, is hereby retained to act as financial consultant and advisor to the City in connection with the sale and delivery of the Refunding Bonds.

25. **Conflicting Resolutions.** All resolutions and parts of resolutions in conflict with the foregoing are hereby rescinded.

26. **Effective Date.** This Resolution shall become effective upon its ratification by the Authority and shall be recorded in the minutes of the Council as soon as practicable after adoption.

A roll call vote on the foregoing resolution was then taken, and was as follows:

YES: \_\_\_\_\_  
\_\_\_\_\_  
NO: \_\_\_\_\_  
ABSTAIN: \_\_\_\_\_

The resolution was declared adopted.

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**CERTIFICATION**

STATE OF MICHIGAN )  
) SS.  
COUNTY OF KALAMAZOO )

The undersigned, being the City Clerk 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 City Council at a \_\_\_\_\_ meeting held on \_\_\_\_\_, 2012, 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 Council 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.

\_\_\_\_\_  
City Clerk

[SEAL]

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**APPENDIX A**

**PROJECTED TAX INCREMENT REVENUES  
AND DEBT SERVICE COVERAGE**

[PLEASE SEE ATTACHED SCHEDULE]

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**Appendix A**

**City of Portage Downtown Development Authority  
Estimated Captured Revenues  
and Annual Debt Service on Outstanding Bonds and Refunding Bonds**

<b>Year</b>	<b>Estimated Revenues</b>	<b>Actual Annual Debt Service on 2003 Bonds</b>	<b>Estimated Annual Debt Service on Refunding Bonds</b>	<b>Cummulative Coverage</b>
<b>Beginning Balance</b>				\$345,642.54
2013	\$382,301.66	\$188,118.75	\$244,070.00	\$295,755.45
2014	\$391,401.77	\$185,118.75	\$259,030.00	\$243,008.48
2015	\$400,638.39	\$182,118.75	\$151,380.00	\$310,148.12
2016	\$410,013.55	\$204,118.75	\$144,717.50	\$371,325.42
2017	\$419,529.34	\$225,118.75	\$147,855.00	\$417,881.01
2018	\$429,187.87	\$244,931.25	\$140,842.50	\$461,295.14
2019	\$438,991.28	\$238,481.25	\$158,452.50	\$503,352.66
2020	\$448,941.73	\$256,881.25	\$352,650.00	\$342,763.15
2021	\$459,041.45	\$259,006.25	\$363,342.50	\$179,455.85
2022	\$469,292.66	\$265,681.25	\$348,500.00	\$34,567.25
2023	\$479,697.64	\$271,481.25	\$205,565.00	\$37,218.64
2024	\$490,258.69	\$271,537.50	\$204,440.00	\$51,499.83
2025	\$500,978.16	\$261,131.25	\$202,960.00	\$88,386.74
2026	\$511,858.42	\$265,725.00	\$201,115.00	\$133,405.15
2027	\$522,901.88	\$263,125.00	\$203,800.00	\$189,382.03
	<b>\$6,755,034.49</b>	<b>\$3,582,575.00</b>	<b>\$3,328,720.00</b>	

UNITED STATES OF AMERICA-STATE OF MICHIGAN

CITY OF PORTAGE

County of Kalamazoo, State of Michigan

DOWNTOWN DEVELOPMENT LIMITED TAX REFUNDING BOND, SERIES 2012

RATE                      MATURITY DATE                      DATE OF ISSUANCE                      CUSIP

\_\_\_\_\_ 1, \_\_\_\_\_

=====
REGISTERED OWNER:

PRINCIPAL AMOUNT:

=====
FOR VALUE RECEIVED, the City of Portage (the "City"), County of Kalamazoo, State of Michigan, hereby acknowledges itself indebted and promises to pay (but only from the sources referred to herein) on the Maturity Date specified above to the Registered Owner specified above or its registered assigns, the Principal Amount specified above upon presentation and surrender of this bond (this "Refunding Bond") at the designated office of \_\_\_\_\_, \_\_\_\_\_, Michigan, as paying agent and bond registrar (the "Bond Registrar"), together with the interest thereon to the Registered Owner of this Refunding Bond, as shown on the books of the City maintained by the Bond Registrar, on the applicable date of record from the Date of Issuance specified above, or such later date through which interest has been paid, at the Rate per annum specified above, commencing on \_\_\_\_\_, \_\_\_\_\_, and semi-annually thereafter on the first day of \_\_\_\_\_ and \_\_\_\_\_ in each year to and including the Maturity Date. The date of record for each payment of interest shall be the 15th day of the month preceding the date such payment is due. Interest is payable by check or draft mailed by the Bond Registrar to the Registered Owner at the address shown on the books of the City maintained by the Bond Registrar on the applicable date of record and shall be calculated on the basis of a 360-day year consisting of twelve (12) thirty (30) day months.

This Refunding Bond is one of a series of bonds of like date and tenor except as to denomination, date of maturity and interest rate, numbered from 1 upwards, aggregating the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), issued by the City, pursuant to and in full conformity with the Constitution and statutes of the State of Michigan and especially Act No. 197, Public Acts of Michigan, 1975, as amended ("Act 197") and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") to provide funds to be deposited with \_\_\_\_\_, \_\_\_\_\_, Michigan, as escrow agent (the "Escrow Agent"), under an escrow agreement dated as of \_\_\_\_\_, \_\_\_\_\_. The Escrow Agent will use such proceeds to acquire non-callable direct obligations of the United States which, when paid in accordance with their terms, will provide

sufficient funds (i) to pay when due, to and including \_\_\_\_\_, \_\_\_\_\_, the interest on the City's outstanding \_\_\_\_\_, dated \_\_\_\_\_, maturing in the years \_\_\_\_\_ through \_\_\_\_\_ (the "Refunded Bonds") and (ii) on \_\_\_\_\_, to redeem the Refunded Bonds maturing in the years \_\_\_\_\_ through \_\_\_\_\_, at a redemption price of \_\_\_\_\_% of the principal amount thereof.

The Refunding Bonds are being issued pursuant to the provisions of Act 197, and are being issued in anticipation of and are primarily payable from tax increment revenues ("Tax Increment Revenues") to be collected by the Authority for payment to the City, for each year until the principal of and interest on the Refunding Bonds has been paid in full.

In addition, the limited tax pledge of the City is to be irrevocably pledged to the prompt payment of the principal of and interest on the Refunding Bonds when due. If the foregoing Tax Increment Revenues are insufficient for any reason to make the payment of the principal of and interest on the Refunding Bonds when due, then moneys sufficient to meet the deficiency shall be advanced from the General Fund of the City. However, the City's ability to raise such funds is subject to applicable constitutional, statutory and tax limitations.

The Refunding Bonds maturing prior to \_\_\_\_\_ 1, \_\_\_\_\_ shall not be subject to redemption prior to maturity. Refunding Bonds on or after \_\_\_\_\_ 1, \_\_\_\_\_ shall be subject to redemption prior to maturity at the option of the Authority, in any order, in whole or in part on any date on or after \_\_\_\_\_ 1, \_\_\_\_\_. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a refunding bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a refunding bond is called for redemption, upon surrender of the Refunding Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Refunding Bond a new refunding bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each refunding bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the refunding bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar to redeem the same.

This Refunding Bond shall be transferable on the books of the City maintained by the Bond Registrar with respect to the refunding bonds upon the surrender of this Refunding Bond to the Bond Registrar together with an assignment executed by the Registered Owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon receipt of a properly assigned bond, the Bond Registrar shall authenticate and deliver a new bond or bonds in authorized denominations in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

This Refunding Bond may likewise be exchanged for one or more other bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the bond or bonds being exchanged. Such exchange shall be effected by surrender of the bond to be exchanged to the Bond Registrar with written instructions signed by the Registered Owner of the bond or his or her attorney in form satisfactory to the Bond Registrar. Upon receipt of a bond with proper written instructions the Bond Registrar shall authenticate and deliver a new bond or bonds to the Registered Owner of the bond or his or her properly designated transferee or transferees or attorney.

The Bond Registrar is not required to honor any transfer or exchange of refunding bonds during the fifteen (15) days preceding an interest payment date. Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the City, unless otherwise agreed by the City and the Bond Registrar. The Bond Registrar may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

This Refunding Bond and the other bonds of this series have        been designated as "qualified tax-exempt obligations" for purposes of Paragraph 265(b)(3) of the Internal Revenue Code of 1986, as amended.

This Refunding Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit until the certificate of authentication hereon has been duly executed by the Bond Registrar.

It is hereby certified, recited and declared that all things, conditions and acts required to exist, happen and be performed precedent to and in connection with the issuance of this Refunding Bond and the other bonds of this series, existed, have happened and have been performed in due time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the total indebtedness of the City, including the series of refunding bonds of which this is one, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Portage, County of Kalamazoo, Michigan, has caused this Refunding Bond to be executed in its name with the facsimile signatures of its Mayor and its City Clerk, has caused a facsimile of its seal to be affixed hereto, and has caused this Refunding Bond to be authenticated by the Bond Registrar, as the City's authenticating agent, all as of the Date of Issuance set forth above.

**CITY OF PORTAGE**

By:  
Mayor

[SEAL]

By:  
City Clerk

DATE OF AUTHENTICATION:

**BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION**

This is Refunding Bond is one of a series of bonds designated "City of Portage Downtown Development Limited Tax Refunding Bonds, Series 2012".

By: \_\_\_\_\_, Michigan  
as Bond Registrar and Authenticating Agent  
Authorized Representative

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ this Refunding Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer this Refunding Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature:

Notice: The signature(s) to this assignment must correspond with the name as it appears upon the face of this Refunding Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
Signature(s) must be guaranteed by an eligible guarantor institution participating in a Securities Transfer Association recognized signature guarantee program.

The transfer agent will not effect transfer of this Refunding Bond unless the information concerning the transferee requested below is provided:

Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Include information for all joint owners if bond is held by joint account)

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE

(Insert number for first named transferee if held by joint account)

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ORDER ADJUSTING MATURITIES

§  
CITY OF PORTAGE  
County of Kalamazoo, State of Michigan  
DOWNTOWN DEVELOPMENT LIMITED TAX REFUNDING BONDS, SERIES 2012

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The undersigned, City Finance Director, as authorized in the Award Resolution for the above referenced refunding bonds adopted by the City Council on \_\_\_\_\_ 1, \_\_\_\_\_, hereby establishes the final maturities for said refunding bonds with interest rates thereon, as follows:

<u>Due</u>	<u>Amount</u>	<u>Rate</u>
<u>Oct. 1</u>		

Dated: \_\_\_\_\_

\_\_\_\_\_  
City Finance Director

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ESCROW AGREEMENT

**CITY OF PORTAGE**

This escrow agreement (the "Agreement"), dated as of \_\_\_\_\_ 1, \_\_\_\_\_, is between the City of Portage (the "City"), County of Kalamazoo, Michigan, and \_\_\_\_\_, Michigan, as escrow agent (the "Escrow Agent").

WHEREAS, the City has previously issued the following bonds of which the principal amount listed below remains outstanding (all of such outstanding bonds being referred to as the "Prior Bonds", and the Prior Bonds to be refunded referred to as the "Refunded Bonds"):

<u>Prior Bonds</u>	<u>Outstanding Principal</u>	<u>Principal to be Refunded</u>
<b>City of Portage Downtown Development Limited Tax Bonds, Series 2001</b>	\$ _____ <b>maturing in the years _____ thru _____</b>	\$ _____ <b>maturing in the years _____ thru _____</b>

all bearing interest, due as to principal and subject to redemption as more fully described in APPENDIX I to this Agreement.

WHEREAS, for the purpose of refunding the Refunded Bonds the City has, pursuant to a refunding bond resolution adopted on \_\_\_\_\_, \_\_\_\_\_ (the "Refunding Bond Resolution") authorized the issuance of an issue of refunding bonds dated \_\_\_\_\_, \_\_\_\_\_, as designated and described in the Bond Resolution and hereafter (the "Refunding Bonds"); and

WHEREAS, pursuant to the Refunding Bond Resolution the Escrow Agent has been appointed by the City for the purpose of assuring the payment of the principal of, premium, if any, and interest on the Prior Bonds and the Mayor has been authorized and directed to execute this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth below the City and the Escrow Agent agree as follows for the respective equal and proportionate benefit and security of the holders of the Prior Bonds;

Section 1. Appointment of Escrow Agent. The Escrow Agent is hereby appointed and agrees to act in such capacity to

comply with all requirements of this Agreement, and to be custodian of the escrow fund (the "Escrow Fund"), to perform its duties as custodian of the Escrow Fund created under this Agreement, but only upon and subject to the following express terms and conditions:

(a) The Escrow Agent may perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standards specified in this Agreement and shall be entitled to advice of counsel concerning all matters of and the duties under this Agreement, and may in all cases pay such reasonable compensation to such counsel and in addition to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the same. The Escrow Agent may act upon the opinion or advice of any counsel. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action taken in good faith in reliance upon such opinion or advice.

(b) The Escrow Agent shall not be responsible for any recital in this Agreement, or in the Refunding Bonds or for the validity of the execution by the City of this Agreement or of any supplements to it or instruments of further assurance. The Escrow Agent shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City, except as set forth in this Agreement. The Escrow Agent shall be only obligated to perform such duties and only such duties as are specifically set forth in this Agreement and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

(c) The Escrow Agent may become the owner of the Refunding Bonds or Prior Bonds with the same rights which it would have if not Escrow Agent.

(d) The Escrow Agent shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telex, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Escrow Agent pursuant to this Agreement upon the request or consent of any person who at the time of making such request or consent is the owner of any Prior Bond, shall be conclusive and binding upon all future owners of the same Prior Bond.

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Escrow Agent shall

be entitled to rely upon a certificate of the City signed by (i) the Mayor, or (ii) any other duly authorized person as sufficient evidence of the facts contained in it, but may secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Escrow Agent may accept a certificate of the Mayor to the effect that a resolution in the form attached to such certificate has been adopted by the City as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Escrow Agent to do things enumerated in this Agreement shall never be construed as a duty. The Escrow Agent shall only be responsible for the performance of the express duties outlined in this Agreement and it shall not be answerable for other than its gross negligence or willful default in the performance of those express duties.

(g) At any and all reasonable times the Escrow Agent and its duly authorized agents, attorneys, experts, accountants and representatives, shall have the right fully to inspect any and all of the books, papers and records of the City pertaining to the Prior Bonds, and to take such memoranda from and in regard to the same as may be desired.

(h) The Escrow Agent shall not be required to give any bond or surety in respect of the execution of the powers contained in or otherwise in respect to this Agreement.

(i) Before taking any action under this Agreement (except making investments, collecting investments and making payments to the paying agents with respect to the Prior Bonds) the Escrow Agent may require that a satisfactory indemnity bond be furnished for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which is adjudicated to have resulted from gross negligence or willful default by reason of any action so taken.

**Section 2. Escrow Fund.** On \_\_\_\_\_, \_\_\_\_\_ the City will irrevocably deposit with the Escrow Agent for the account of the City from the proceeds of the Refunding Bonds and from other City funds available therefor to establish an Escrow Fund for the Prior Bonds an amount which together with the investment income therefrom, shall be held in the Escrow Fund to be maintained by the Escrow Agent and used to pay interest on the Prior Bonds when due to and including \_\_\_\_\_, \_\_\_\_\_ and on that

date to redeem and pay principal of and call premiums on the Refunded Bonds in accordance with Section 3 hereof.

Section 3. Redemption of Refunded Bonds. The City will redeem, prior to their scheduled maturity, Refunded Bonds as follows:

<u>Prior Bonds</u>	Principal to <u>be Refunded</u>
<b>City of Portage Downtown Development Limited Tax Bonds, Series 2001</b>	\$ _____ maturing in the years

The City by execution of this Escrow Agreement, hereby authorizes the Escrow Agent to give the paying agent for the Refunded Bonds irrevocable instructions to call the Refunded Bonds and at the expense of the City not more than sixty (60) nor less than forty-five (45) days before \_\_\_\_\_ 1, \_\_\_\_\_, their redemption date. The Escrow Agent shall give to the paying agent for the Refunded Bonds such notice, in substantially the form attached to this Agreement as APPENDIX III. The paying agent for the Refunded Bonds shall mail such notice on or before thirty (30) days prior to the redemption date, as set forth in APPENDIX III, to the registered owner or owners at the addresses listed on the registration books of the Authority maintained by the paying agent for the Refunded Bonds.

Section 4. Investments. As directed by the City, moneys deposited in the Escrow Fund shall be immediately invested in direct obligations of the United States of America and/or obligations the principal of, premium, if any, and interest on which are fully guaranteed by the United States of America described on APPENDIX IV ("Investment Securities").

The investment income from the Investment Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Escrow Agent shall not sell any Investment Securities. All moneys not invested as provided in this Agreement shall be held by the Escrow Agent as a trust deposit.

Section 5. Use of Moneys. Except as expressly provided in this Agreement, no paying agents' fees for the payment of principal of, premium, if any, or interest on the Refunding Bonds or the Prior Bonds or other charges may be paid from the escrowed moneys or Investment Securities prior to retirement of all Prior Bonds, and the City agrees that it will pay all such fees from its other legally available funds as such payments become due prior to such retirement.

Section 6. Deficiency in Escrow Fund. At such time or times as there shall be insufficient funds on hand in the Escrow

Fund for the payment of principal of, premium, if any, and interest falling due on the Prior Bonds, the Escrow Agent shall promptly notify the City of such deficiency.

Section 7. Reports to City. The Escrow Agent shall deliver to the Mayor of the City a semi-annual statement reflecting each transaction relating to the Escrow Fund; and on or before the first day of \_\_\_\_\_ of each year shall deliver to the City a list of assets of the Escrow Fund as of December 31 of such year and an operating statement for the Escrow Fund for the year then ended.

Section 8. Fees of Escrow Agent. The Escrow Agent agrees with the City that the charges, fees and expenses of the Escrow Agent throughout the term of this Agreement (other than the acceptance fee of the Escrow Agent) shall be the total sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) payable on the date of closing, which charges, fees and expenses shall be paid from monies deposited with the Escrow Agent from bond proceeds and other available funds of the City, subject to the provisions of Section 12 below.

Section 9. Payments from Escrow Fund. The Escrow Agent shall without further authorization or direction from the City, collect the principal of, premium, if any, and interest on the Investment Securities promptly as the same shall become due and, to the extent that Investment Securities and moneys are sufficient for such purpose, shall make timely payments out of the Escrow Fund to the proper paying agent or agents or their successors for the Prior Bonds, of moneys sufficient for the payment of the principal of, premium, if any, and interest on such Prior Bonds as the same shall become due and payable, all as set out in APPENDIX II. The payments so forwarded or transferred shall be made in sufficient time to permit the payment of such principal of, premium, if any, and interest by such paying agent or agents without default. The City represents and warrants that the Escrow Funds will be sufficient to make the foregoing and all other payments required under this Agreement. The proper paying agent for the Prior Bonds is shown in APPENDIX I.

When the aggregate total amount required for the payment of principal of, premium, if any, and interest on the Prior Bonds has been paid to the paying agent as provided above, the Escrow Agent shall transfer any moneys or Investment Securities then held under this Agreement for the Prior Bonds to the City, and this Agreement shall cease.

Section 10. Interest of Bondholders Not Affected. The Escrow Agent and the City recognize that the holders from time to time of the Prior Bonds have a beneficial and vested interest in the Investment Securities and moneys to be held by the Escrow Agent as provided in this Agreement. It is therefore recited, understood and agreed that this Agreement shall not be subject to revocation or amendment and no moneys on deposit in an Escrow

Fund for the Prior Bonds can be used in any manner for another series.

Section 11.     Escrow Agent Not Obligated.     None of the provisions contained in this Agreement shall require the Escrow Agent to use or advance its own moneys or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights or powers under this Agreement. The Escrow Agent shall be under no liability for interest on any funds or other property received by it under this Agreement, except as expressly provided.

Section 12.     Payment of Other Amounts.     The City agrees that it will promptly and without delay remit to the Escrow Agent such additional sum or sums of money as may be necessary to assure the payment of any Prior Bonds and to fully pay and discharge any obligation or obligations or charges, fees or expenses incurred by the Escrow Agent in carrying out any of the duties, terms or provisions of this Agreement that are in excess of the sums provided for under Section 8 above.

Section 13.     Segregation of Funds.     The Escrow Agent shall hold the Investment Securities and all moneys received by it from the collection of, principal and interest on the Investment Securities, and all moneys received from the City under this Agreement, in a separate escrow account.

Section 14.     Resignation of Escrow Agent.     The Escrow Agent may resign as such following the giving of thirty (30) days prior written notice to the City. Similarly, the Escrow Agent may be removed and replaced following the giving of thirty (30) days prior written notice to the Escrow Agent by the City. In either event, the duties of the Escrow Agent shall terminate thirty (30) days after the date of such notice (or as of such earlier date as may be mutually agreeable); and, the Escrow Agent shall then deliver the balance of the Escrow Fund then in its possession to a successor Escrow Agent as shall be appointed by the City.

If the City shall have failed to appoint a successor prior to the expiration of thirty (30) days following the date of the notice of resignation or removal, the then acting Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor Escrow Agent or for other appropriate relief; and, any such resulting appointment shall be binding upon the City.

Upon acknowledgment by any successor Escrow Agent of the receipt of the then remaining balance of the Escrow Fund, the then acting Escrow Agent shall be fully released and relieved of all duties, responsibilities, and obligations under this Agreement.

Section 15.     Benefit.     This Agreement shall be for the sole and exclusive benefit of the City, the Escrow Agent and the

holders of the Prior Bonds. With the exception of rights expressly conferred in this Agreement, nothing expressed in or to be implied from this Agreement is intended or shall be construed to give to any person other than the parties set forth above, any legal or equitable right, remedy or claim under or in respect to this Agreement.

Section 16. **Severability.** If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions contained in this Agreement or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 17. **Notices.** Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed, by registered or certified mail, postage prepaid or sent by facsimile transmission, except reports as required in Section 7 which may be delivered by regular mail, as follows:

**If to the City:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
FAX: \_\_\_\_\_

**If to the Escrow Agent:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
FAX: \_\_\_\_\_

The City and the Escrow Agent may designate any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent and shall be required to provide written notification of said address change.

Section 18. **Costs of Issuance.** Simultaneously with the transfer of bond proceeds from the Refunding Bonds establishing the Escrow Fund, sufficient moneys from bond proceeds shall be transferred to the Trustee and used to pay all of the costs of issuance for the Refunding Bonds including, but not limited to, financial costs, consultant fees, counsel fees, printing costs, application fees, bond insurance premiums, rating fees and any other fees or costs incurred in connection with the financing. All such costs shall be authorized by the County Treasurer, under the "Instructions to Trustee for Disbursement of Expenses at Closing", and shall be paid on the date of closing.

Section 19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties to this Agreement have duly executed it by their duly authorized officers as of the date first above written.

**CITY OF PORTAGE**

By: \_\_\_\_\_

Its Mayor

and

By: \_\_\_\_\_

Its Clerk

\_\_\_\_\_, as Escrow Agent

By: \_\_\_\_\_

Its: \_\_\_\_\_

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APPENDIX I

CITY OF PORTAGE  
County of Kalamazoo, State of Michigan  
DOWNTOWN DEVELOPMENT LIMITED TAX BONDS, SERIES 2001

Dated as of \_\_\_\_\_ 1, \_\_\_\_

SCHEDULE OF PRINCIPAL, PREMIUM AND INTEREST REQUIREMENTS

Bond Registrar and Paying Agent:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

NOTE: Bonds maturing prior to \_\_\_\_ shall not be subject to redemption prior to maturity. Bonds maturing in the years \_\_\_\_ through \_\_\_\_, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order, in whole or in part, on or after \_\_\_\_\_, \_\_\_\_\_. Bonds so called for redemption at par, plus accrued interest to the date fixed for redemption.

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APPENDIX II

CITY OF PORTAGE  
County of Kalamazoo, State of Michigan  
DOWNTOWN DEVELOPMENT LIMITED TAX REFUNDING BONDS, SERIES 2012

Sources of Funds

Bond Proceeds	\$ _____
Issuer Contribution	_____
Good Faith Check Interest	_____
Accrued Interest	_____
TOTAL	\$ _____

Uses of Funds

Cost of Escrow Fund	\$ _____
Costs of Issuance	_____
Accrued Interest	_____
Underwriter's Discount	_____
TOTAL	\$ _____

APPENDIX III

NOTICE OF REDEMPTION

**CITY OF PORTAGE**  
**County of Kalamazoo, State of Michigan**  
**DOWNTOWN DEVELOPMENT LIMITED TAX BONDS, SERIES 2001**

**KALAMAZOO COUNTY**  
**STATE OF MICHIGAN**

**DUE \_\_\_\_\_ THROUGH \_\_\_\_\_**

NOTICE IS HEREBY GIVEN that the City of Portage, Kalamazoo County, Michigan has called for redemption, on \_\_\_\_\_, \_\_\_\_\_ (the "Redemption Date"), outstanding maturities of the subject Issue (the "Bonds"), at \_\_\_% of the par value, as follows:

<u>Maturity</u>	<u>Due</u>	<u>CUSIP</u>	<u>Rate</u>
\$____,000	_____	_____	_____%
____,000	_____	_____	_____%
____,000	_____	_____	_____%
____,000	_____	_____	_____%
____,000	_____	_____	_____%
____,000	_____	_____	_____%
____,000	_____	_____	_____%
____,000	_____	_____	_____%

The Bonds to be redeemed should be surrendered on the Redemption Date. The Bonds shall not bear interest on and after the Redemption Date, whether the Bonds are presented for redemption or not.

Bonds may be surrendered for payment at the office of the Bond Registrar and Paying Agent indicated below. Method of delivery is at the option of the Holder, but if by mail, registered mail is suggested.

If by U.S Mail:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Otherwise:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CITY OF PORTAGE  
By: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_

NOTE: Under the provisions of the Interest and Dividend Tax Compliance Act of 1983 and the Comprehensive National Energy Policy Act of 1992, paying agents making payments of principal on municipal securities may be obligated to withhold a 31% tax from remittances to individuals who have failed to furnish the paying agent with a certified and valid Taxpayer Identification Number on a fully completed Form W-9. Holders of the above described Bonds, who wish to avoid the application of these provisions, should submit certified Taxpayer Identification Numbers on I.R.S. Form W-9 when presenting their securities for redemption or for payment at maturity.

APPENDIX IV

CITY OF PORTAGE  
County of Kalamazoo, State of Michigan  
DOWNTOWN DEVELOPMENT LIMITED TAX REFUNDING BONDS, SERIES 2012

Investment Securities to be Acquired Pursuant  
to the Escrow Agreement

<u>Purchase</u> <u>Date</u>	<u>Investment</u> <u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Investment Type</u>
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**EXHIBIT D**  
**[FORM OF REQUEST FOR PROPOSAL]**

§  
**CITY OF PORTAGE**  
County of Kalamazoo, State of Michigan

**CITY OF PORTAGE**  
**DOWNTOWN DEVELOPMENT LIMITED TAX REFUNDING BONDS, SERIES 2012**

**SEALED OR ELECTRONIC PROPOSALS:** Sealed written proposals for the purchase of the bonds described herein (the "Refunding Bonds") will be received by the undersigned for and on behalf of the City of Portage (the "City") at the Office of the \_\_\_\_\_, \_\_\_\_\_, on \_\_\_\_\_, \_\_\_\_\_ until \_\_\_\_\_:\_\_\_\_.m., Eastern \_\_\_\_\_ Time, at which time and place said proposals will be publicly opened and read.

In the alternative, sealed written proposals will also be received on the same date and until the same time by an agent of the undersigned at the Municipal Advisory Council of Michigan, Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan, 48226, where they will be publicly opened simultaneously. Proposals received at \_\_\_\_\_, Michigan, will be read first, followed by those proposals received at the alternate location. Proposers may choose either location to present proposals and good faith checks, but not both locations. Any proposer may submit a proposal in person to either proposing location. However, no proposer is authorized to submit a FAX proposal to \_\_\_\_\_.

Also in the alternative, electronic proposals will also be received on the same date and until the same time by an agent of the undersigned Bidcomp/Parity. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Eric Washington, 1359 Broadway, 2<sup>nd</sup> Floor, New York, NY, 10018, (212) 849-5021.

If any provision of this Request for Proposal shall conflict with information provided by Bidcomp/Parity as the approved provider of electronic proposing services, this Request for Proposal shall control.

The Refunding Bonds will be awarded or all proposals will be rejected by the City Finance Director at a proceeding to be held within twenty-four hours of the sale.

**BOND DETAILS:** The Refunding Bonds will be dated \_\_\_\_\_ 1, \_\_\_\_\_ and will be known as "City of Portage, Downtown Development Limited Tax Refunding Bonds, Series 2012". The Refunding Bonds will be fully registered Refunding Bonds in any one or more denominations of \$5,000 or a multiple of \$5,000, numbered from 1 upwards and will bear interest from their date payable \_\_\_\_\_

1, \_\_\_\_\_ and semi-annually thereafter until maturity. The Refunding Bonds will mature on the 1st day of \_\_\_\_\_ in each year as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
-------------	---------------	-------------	---------------

**PRIOR REDEMPTION:** The Refunding Bonds maturing prior to \_\_\_\_\_ 1, \_\_\_\_\_ shall not be subject to redemption prior to maturity. Refunding Bonds on or after \_\_\_\_\_ 1, \_\_\_\_\_ shall be subject to redemption prior to maturity at the option of the Authority, in any order, in whole or in part on any date on or after \_\_\_\_\_ 1, \_\_\_\_\_. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a refunding bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a refunding bond is called for redemption, upon surrender of the Refunding Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Refunding Bond a new refunding bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each refunding bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the refunding bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar to redeem the same.

**PRESENT VALUE SAVINGS:** The Refunding Bonds must generate present value savings. If after the proposals are received and the final refunding analysis has been calculated, there is no present value savings to the Authority, the Authority shall exercise its right to reject all the proposals and the Refunding Bonds shall not be awarded.

**INTEREST RATE AND PROPOSING DETAILS:** The Refunding Bonds shall bear interest at a rate or rates not exceeding \_\_\_% per annum, to be fixed by the proposals therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only. All bonds maturing in any one year must carry the

same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY BONDS MATURING IN ANY PRECEDING YEAR. No proposal for the purchase of less than all of the Refunding Bonds, at a price less than \_\_\_% of their par value or at an interest rate or rates that will result in a net interest cost exceeding \_\_%, will be considered.

**TERM BOND OPTION:** Refunding Bonds maturing in the years \_\_\_\_ - \_\_\_\_, inclusive, are eligible for designation by the original purchaser at the time of sale as serial bonds or term bonds, or both. There may be more than one term bond maturity. However, principal maturities designated as term bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on \_\_\_\_\_ 1st of the year in which the Refunding Bonds are presently scheduled to mature. Each maturity of term bonds and serial bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

**BOOK-ENTRY-ONLY:** The Refunding Bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Refunding Bonds. Purchase of the Refunding Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Refunding Bonds purchased. The book-entry-only system is described further in the nearly final official statement for the Refunding Bonds.

**BOND REGISTRAR, PAYING AGENT AND DATE OF RECORD:** \_\_\_\_\_, \_\_\_\_\_, Michigan has been selected as paying agent and bond registrar (the "Bond Registrar") for the Refunding Bonds. The Bond Registrar will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued refunding bonds and pay interest by check or draft mailed to the registered holders of the Refunding Bonds as shown on the registration books of the City kept by the Bond Registrar on the applicable date of record. The date of record for each interest payment shall be the 15th day of the month before such payment is due. The principal of and redemption premium, if any, on the Refunding Bonds will be paid when due upon presentation and surrender thereof to the Bond Registrar. As long as DTC, or its nominee Cede & Co., is the registered owner of the Refunding Bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Refunding Bonds is the responsibility of DTC participants and indirect participants as described in the nearly final official statement for the Refunding Bonds. The City may from time to time as required designate a successor bond registrar and paying agent.

**PURPOSE AND SECURITY:** The Refunding Bonds are to be issued pursuant to Act 197, Public Acts of Michigan, 1975, as amended (the "Act"), and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") and as specified in the Authority's development and tax increment financing plan, in anticipation of the collection of certain tax increment revenue payments from the City of Portage Downtown Development Authority (the "Authority") to the City for the purpose of paying costs of refunding the outstanding City of Portage, Downtown Development Limited Tax Bonds, Series 2001 in the aggregate principal amount of \$2,520,000 maturing in the years 2012 through 2021 (the "Refunded Bonds"). In addition, the City has pledged its limited tax full faith and credit as additional security for the payment of the principal of and interest thereon, and pursuant to such pledge, should funds primarily pledged be insufficient for payment, the City is obligated to make such payment from its general funds or from any taxes which it may levy within applicable constitutional and statutory limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity including those related to equitable subordination.

**ESCROW AGENT:** Proceeds from the Refunding Bonds will be transferred to \_\_\_\_\_, \_\_\_\_\_ as escrow agent (the "Escrow Agent") under an escrow agreement (the "Agreement"), who will use such proceeds to acquire investment obligations sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds when due or upon the first permissible redemption date for the Refunded Bonds.

**ADJUSTMENT IN PRINCIPAL AMOUNT:** The aggregate principal amount of this issue has been determined as the amount necessary to defease the Refunded Bonds and pay a portion or all of the costs of issuance of the Refunding Bonds, assuming certain conditions and events exist on the date of sale. The City reserves the right to increase or decrease the total par amount of the Refunding Bonds by any amount prior to the sale or following the opening of proposals. The purchase price will be adjusted proportionately to the increase or decrease in issue size, but the interest rates specified by the successful proposer for all maturities will not change. The successful proposer may not withdraw the proposal as a result of any changes made within these limits.

**ADJUSTMENT IN DISCOUNT:** In the event the principal amount of this issue is increased or decreased, the premium or discount bid, if any, will be adjusted upwards or downwards so that it is the same percent as the premium or discount originally bid.

**BOND INSURANCE AT PURCHASER'S OPTION:** If the Refunding Bonds qualify for issuance of any policy of municipal bond insurance or

commitment therefor at the option of the proposer/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Refunding Bonds. Any increased costs of issuance of the Refunding Bonds resulting from such purchase of insurance shall be paid by the purchaser. Any rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE REFUNDING BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE REFUNDING BONDS FROM THE CITY.

**GOOD FAITH:** A certified or cashier's check drawn upon an incorporated bank or trust company or a wire transfer in an amount equal to 2% (\$\_\_\_\_\_) of the face amount of the Refunding Bonds, and payable to the order of the Authority will be required of the successful proposer as a guarantee of good faith on the part of the proposer, to be forfeited as liquidated damages if such proposal be accepted and the proposer fails to take up and pay for the Bonds. If a check is used, it must accompany each proposal. If a wire transfer is used, the successful proposer is required to wire the good faith deposit not later than Noon, prevailing Eastern Time, on the next business day following the sale using the wire instructions provided by Municipal Financial Consultants Incorporated. The good faith deposit will be applied to the purchase price of the Bonds. No interest shall be allowed on the good faith checks, and checks of each unsuccessful proposer will be promptly returned to such proposer's representative or by registered mail. The good faith check of the successful proposer will be cashed immediately, in which event, payment of the balance of the purchase price of the Bonds shall be made at the closing.

**AWARD OF THE REFUNDING BONDS - TRUE INTEREST COST:** The Refunding Bonds will be awarded to the proposer whose proposal produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on \_\_\_\_\_ and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to \_\_\_\_\_ in an amount equal to the price proposed, excluding accrued interest. \_\_\_\_\_ is the anticipated date of delivery of the Refunding Bonds.

**LEGAL OPINION:** Proposals shall be conditioned upon the approving opinion of Axe & Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan (the "Bond Counsel") a copy of which opinion will be printed on the reverse side of each bond and the original of which will be furnished without expense to the purchaser of the Refunding Bonds at the delivery thereof. The fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue such opinion and as described in the official statement, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial

documents, statements or other materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Refunding Bonds, and therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of the official statement or any such financial documents, statements or materials.

**TAX MATTERS:** In the opinion of Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, the Refunding Bonds and interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

**"QUALIFIED TAX EXEMPT OBLIGATIONS":** The Refunding Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

**CERTIFICATE REGARDING "ISSUE PRICE":** The Purchaser will be required, as a condition of delivery of the Refunding Bonds, to certify the "issue price" of the Refunding Bonds within the meaning of Section 1273 of the Code, which will include a representation that at least 10 percent of each maturity of the Refunding Bonds has been sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at a price not exceeding the stated initial offering price. In addition, if the successful proposer will obtain a municipal bond insurance policy or other credit enhancement for the Refunding Bonds in connection with their original issuance, the successful proposer will be required, as a condition of delivery of the Refunding Bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

**DELIVERY OF BONDS:** The City will furnish Refunding Bonds ready for execution at its expense. Refunding Bonds will be delivered without expense to the purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Refunding Bonds, will be delivered at the time of delivery of the Refunding Bonds. If the Refunding Bonds are not tendered for delivery by twelve o'clock noon, Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful proposer may on that day, or any time thereafter

until delivery of the Refunding Bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the Refunding Bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the Refunding Bonds shall be paid by the purchaser at the time of delivery. The Refunding Bonds will be delivered on \_\_\_\_\_.

**UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE:** In order to assist proposers in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to resolutions adopted or to be adopted by their governing body), to provide annual reports and timely notice of certain events for the benefit of beneficial owners of the Refunding Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the nearly final official statement and in the final official statement.

**OFFICIAL STATEMENT:**

**Hard Copy**

A copy of the nearly final official statement (the "Nearly Final Official Statement") may be obtained by contacting Municipal Financial Consultants Incorporated at the address listed below. The Nearly Final Official Statement is in a form deemed final as of its date by the City for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion of a final official statement (the "Final Official Statement"). The successful proposer shall supply to the City, within twenty-four (24) hours after the award of the Refunding Bonds, all pricing information and any underwriter identification determined by Bond Counsel to be necessary to complete the Final Official Statement.

**Internet**

In addition, the City has authorized the preparation and distribution of a Nearly Final Official Statement containing information relating to the Refunding Bonds via the Internet. The Nearly Final Official Statement can be viewed and downloaded at [www.i-dealprospectus.com/pdf.asp?doc=\\_\\_\\_\\_\\_](http://www.i-dealprospectus.com/pdf.asp?doc=_____).

The City will furnish to the successful proposer, at no cost, \_\_\_\_\_ copies of the Final Official Statement within seven (7) business days after the award of the Refunding Bonds. Additional copies will be supplied upon the proposer's agreement to pay the cost incurred by the City for those additional copies.

The City shall deliver, at closing, an executed certificate to the effect that as of the date of delivery the information contained in the Final Official Statement, including revisions,

amendments and completions as necessary, relating to the City and the Refunding Bonds is true and correct in all material respects, and that such Final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

**CUSIP NUMBERS:** It is anticipated that CUSIP numbers will be printed on the Refunding Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of or to pay for the Refunding Bonds. All expenses for printing CUSIP numbers on the Refunding Bonds shall be paid for by the City, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

**ADDITIONAL INFORMATION:** Further information may be obtained from the undersigned at the address specified above or from Meredith A. Shanle, Municipal Financial Consultants Incorporated, 21 Kercheval Avenue, Suite 360, Grosse Pointe Farms, Michigan 48236, telephone (313) 884-9824.

**THE RIGHT IS RESERVED TO REJECT ANY OR ALL PROPOSALS.**

**ENVELOPES:** Envelopes containing the proposals should be plainly marked "Proposal for City of Portage, Downtown Development Limited Tax Refunding Bonds, , Series 2012."

\_\_\_\_\_, Finance Director  
\_\_\_\_\_, City of Portage

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**CITY OF PORTAGE DOWNTOWN DEVELOPMENT LIMITED TAX  
REFUNDING BONDS, SERIES 2012**

**TIMETABLE**

<b><u>Action</u></b>	<b><u>Date</u></b>
City of Portage Returns Updated General and Economic Information to MFCI	February 1, 2012
Axe & Ecklund Sends Resolution to the City of Portage for the City Council Meeting on February 14th and DDA Meeting on February 16th	February 2, 2012
MFCI Sends Draft of Nearly Final Official Statement to Rehmann Robson	February 2, 2012
MFCI Requests Rating from S&P	February 3, 2012
Circulate Request for Proposal and Official Statement	February 10, 2012
City Council Approves Refunding Bond Resolution and Resolution Approving Undertaking to Provide Continuing Disclosure	February 14, 2012
Board of the Downtown Development Authority Approves form of Refunding Bond Resolution	February 16, 2012
Receive Rating from Standard & Poor's	February 20, 2012
Hold Bond Sale	February 23, 2012 at 11:00 a.m.
City Finance Director Awards Bonds	February 23, 2012
Deliver Bonds	March 15, 2012

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**TO:** Downtown Development Authority Board of Directors

**DATE:** February 10, 2012

**FROM:** Vicki Georgeau, Authority Director

**SUBJECT:** Annual Financial Report -- Recommendation

Attached find a resolution to approve and authorize transmission of the 2010-11 Annual Financial Report to the State Tax Commission and to City Council per the Downtown Development Authority Act (PA 197 of 1975). This Annual Financial Report includes final audited information for the fiscal year and is attached as Appendix A to the resolution. The annual report is only transmitted after the Board has had the opportunity to review the applicable annual audit information for the City of Portage, which has been provided by the City of Portage Finance Director.

With regard to the annual report of activities, the public improvement projects that were funded in 1998 and 2003 are complete. During FY 2010-11, the Board and City Council approved the 2011 Amended Development Plan / 2011 Amended Tax Increment Financing Plan (2011 Amended Plan) to facilitate future development of private property within the DDA. The public improvements proposed in the 2011 Amended Plan included re-alignment of Trade Centre Way and West Fork Crossing, improvements to the South Westnedge Avenue and Trade Centre Way intersection, land acquisition and associated activities. While these public improvements are now substantially complete, expenditures occurred during FY 2011-12. Therefore, the FY 2010-11 Annual Financial Report does not include information pertaining to the 2011 Amended Plan public improvement projects.

Attached is a resolution prepared by Bond Counsel Axe. The approval of the accompanying resolution by the Board is recommended.

Attachment: Resolution with Annual Financial Report

CITY OF PORTAGE

At a \_\_\_\_\_ meeting of the Board of the Downtown Development Authority of the City of Portage, Michigan, held on February 16, 2012, at 8:00\_a.m. at the City Hall, Portage, Michigan, there were:

PRESENT: \_\_\_\_\_

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

The following preamble and resolution were offered by \_\_\_\_\_ and supported by \_\_\_\_\_.

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

WHEREAS, the Downtown Development Authority of the City of Portage (the "Authority") has been duly incorporated by the City of Portage (the "City") pursuant to Act No. 197 of the Public Acts of Michigan of 1975 (the "Act") and the Board of the Authority has been duly appointed and sworn into office; and

WHEREAS, the Authority is 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 15 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 DOWNTOWN DEVELOPMENT 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: \_\_\_\_\_

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

ABSTAIN: \_\_\_\_\_

THE RESOLUTION WAS DECLARED ADOPTED:

SECRETARY'S CERTIFICATE

The undersigned, being the duly qualified and acting Secretary of the Board of the Downtown Development 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 \_\_\_\_\_ meeting held on \_\_\_\_\_, 2012, at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records of the proceedings of the Board in my office, (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended), and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

\_\_\_\_\_  
Secretary

[SEAL]

Dated: \_\_\_\_\_

APPENDIX A  
ANNUAL FINANCIAL REPORT  
CITY OF PORTAGE  
DOWNTOWN DEVELOPMENT AUTHORITY  
FOR  
FY 2010-2011

**ANNUAL FINANCIAL REPORTS**

**CITY OF PORTAGE**

**DOWNTOWN DEVELOPMENT AUTHORITY**

**for**

**FY 2010 - 2011**

Portage, Michigan

DOWNTOWN DEVELOPMENT AUTHORITY

OF

THE CITY OF PORTAGE

FY 2010-11 ANNUAL FINANCIAL REPORT

As Approved by the Authority Board

on

February 16, 2012

## INTRODUCTION

As specified in PA 197 of 1975, the Downtown Development Authority Act provides government financing methods to eliminate property value deterioration within business districts and promote economic growth in communities. Of particular interest to the City of Portage are the provisions which allow tax increment financing to undertake public improvements in business districts in order to correct and prevent deterioration and stimulate business growth.

By way of example, the City of Portage has utilized this approach to construct public improvements on West Centre Avenue and Angling Road (for the SPX Corporation, formerly Allen Testproducts Facility). Also, Portage utilized tax increment financing to construct several important infrastructure projects to assist Pfizer, Inc. (formerly Pharmacia & Upjohn) and the Stryker Corporation with significant development projects during the early 1990's and 2000's.

With the 1998 Community Investment Initiative, the City of Portage again utilized tax increment financing to construct public improvements that revitalized the north portion of South Westnedge Avenue, between Kilgore Road and I-94. This part of South Westnedge Avenue exhibited signs of deterioration and development and redevelopment activities by the private sector were hampered by lack of access, traffic concerns and existing utility infrastructure. With tax increment financing under the Downtown Development Authority Act, tax increment revenue from tax millage levied within a downtown development authority district by the City of Portage, Portage District Library, Kalamazoo County and Kalamazoo Valley Community College was captured and used to improve public infrastructure which benefited all of Kalamazoo County, including the business sector. In the future, other public improvements could also be proposed and undertaken by the downtown development authority to further strengthen the local business sector within the district.

In 2003, additional efforts to further stimulate private sector investment were initiated and the Development Plan/Tax Increment Finance Plan was amended. These additional street, water main, signage and related public activities were included in the amended plan to promote development of additional vacant and underutilized land in the existing development area.

The purpose of the Tax Increment Financing Plan / Development Plan, per PA 197 of 1975 is to provide public improvements necessary for private sector investment. The property to which the Development Plan applies is the north portion of the South Westnedge Avenue Commercial Corridor. The area includes approximately 97 acres of land and is bounded by Kilgore Road on the north, the city of Kalamazoo well field to the west, I-94 to the south and the business zoning districts to the east of South Westnedge Avenue on the east.

Following are descriptions of the public improvements and activities undertaken in 1998 and in 2003. The descriptions encompass several public improvements and activities that were completed to foster private sector investment in the DDA.

1998 DDA TAX INCREMENT FINANCE PLAN / DEVELOPMENT PLAN –  
INFRASTRUCTURE IMPROVEMENT PROJECTS (COMPLETED)

<u>Public Improvements</u>		<u>Original Estimated Time Required for Completion</u>	<u>Original Estimated Cost</u>
1.	Andy Avenue Extension	12 months	\$487,000
	Construct a new 1400 feet long and thirty-six foot wide public street intersecting South Westnedge Avenue at the Andy Avenue signalized intersection, with necessary storm water facilities. Repave 1000 feet of DeHaan Street with intersection improvements at South Westnedge Avenue.		
2.	DeHaan Drive Sanitary Sewer Relocation	12 months	\$307,000
	Relocate approximately 2100 feet of existing sanitary sewer trunk main located west of DeHaan Drive to the south, paralleling the I-94 right-of-way.		
3.	South Westnedge Avenue Property Acquisition	12 Months	\$850,000
	Purchase the property addressed along South Westnedge Avenue and DeHaan Drive which is necessary for the extension of Andy Avenue.		

Note: Additional right-of-way and/or easements will be provided by property owners for minimal consideration in order to construct the necessary public street and to relocate the sanitary sewer.

With regard to the identified projects, the Andy Avenue extension (Market Place) and repaving of DeHaan Drive was completed in 1999. The DeHaan Drive sanitary sewer relocation was subsequently completed in 1999. Finally, after lengthy litigation concerning the acquisition of land necessary for the construction of Market Place, the acquisition was completed in 2001. Bonds were subsequently sold in 2001 in the amount of \$3,100,000 to finance street improvements of \$521,342; sanitary sewer relocation of \$292,429; and property acquisition of \$2,286,229. (Lead underwriter is Morgan Stanley Dean Witter).

2003 AMENDED DDA TAX INCREMENT FINANCE PLAN / DEVELOPMENT PLAN –  
PROPERTY ACQUISITION AND PUBLIC IMPROVEMENT PROJECTS  
**(COMPLETED)**

<u>Public Improvements</u>	<u>Estimated Time Required for Completion</u>	<u>Estimated Cost</u>
1. The acquisition of 5.44 acres of land for public street right-of-way and stormwater retention -	Fall 2003	\$ 909,000
2. The construction of an approximate 2200-foot long, 36-foot wide public cul-de-sac street, with pavement, curb and gutter, sidewalk, conduit for the installation of telecommunications fibre, street lighting and landscaping -	Fall 2003/Spring 2004	\$ 689,000
3. The construction of public water main from the Milham Well Field to the DDA under I-94, to be looped with public water utilities in Holiday Lane -	Fall 2003/ Spring 2004	\$ 300,000
4. To facilitate “way finding” by customers from South Westnedge and West Fork Crossing the financing and construction of identification sign at South Westnedge and orientation sign at West Fork Crossing -	Summer 2004	\$ 30,000
5. The acquisition of 2.81 acres of land in the DeHaan Drive (now Trade Centre Way) and West Fork Crossing vicinity of the DDA for stormwater or other public use –	2004	\$ 500,000
6. The annual maintenance, monitoring of the retention facility mitigation facility -	Annually (Not Bonded)	\$ 5,000 (\$100,000 over 20 yrs.)

Notes: The public right-of-way and stormwater retention area to be purchased by the City of Portage through the DDA is immediately north of I-94.

Wayfinding signs by H&G, LLC have been installed along South Westnedge Avenue and I-94.

## FY 2010-2011 FINANCIAL INFORMATION

The Annual Financial Report has been prepared pursuant to Section 15 (1) of PA 197 of 1975, as amended, The Downtown Development Authority Act. The Annual Report is for FY09-10 and contains the information required by the Act.

### Section 15 (3) (a): THE AMOUNT AND SOURCE OF REVENUE IN THE ACCOUNT

Tax Increment Revenue	\$373,678
Interest	\$1,987
Sale of Land	\$56,615

### Section 15 (3) (b): THE AMOUNT IN ANY BOND RESERVE ACCOUNT

In the DDA bond reserve account there is \$387,273

### Section 15 (3) (c): THE AMOUNT AND PURPOSE OF EXPENDITURES FROM THE ACCOUNT

\$408,189 was transferred to the Bond paying agent to pay debt service.

### Section 15 (3) (d): THE AMOUNT OF PRINCIPAL AND INTEREST ON ANY OUTSTANDING BONDED INDEBTEDNESS

\$7,246,565 as of June 30, 2011.

### Section 15 (3) (e): THE INITIAL ASSESSED VALUE OF THE PROJECT AREA

The initial value is established at \$ 12,767,600.

### Section 15 (3) (f): THE CAPTURED ASSESSED VALUE RETAINED BY THE AUTHORITY

The captured value is established at \$18,556,543 for FY 2010-11.

### Section 15 (3) (g): THE TAX INCREMENT REVENUES RECEIVED

The tax increment revenues received in 2010-2011 = \$373,678

### Section 15 (3) (h): THE NUMBER OF JOBS CREATED AS A RESULT OF THE IMPLEMENTATION OF THE TAX INCREMENT FINANCING PLAN

It is estimated that 1,425 jobs have been created.

(includes 275 jobs at Trade Centre II, which is just outside the DDA district)

### Section 15 (3) (i): ANY ADDITIONAL INFORMATION THE GOVERNING BODY OR THE STATE TAX COMMISSION CONSIDERS NECESSARY

Attached find a page detailing budget to actual comparison developed for the annual report. This information provides supporting documentation for this financial report.

**CITY OF PORTAGE, MICHIGAN**

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

**Fiscal Year Ended June 30, 2011  
With Comparative Actual Amounts for Fiscal Year Ended June 30, 2010**

	2011		Variance with	2010
	Amended Budget	Actual	Amended Budget + / (-)	Actual
<b>REVENUES:</b>				
Taxes	\$ 378,300	\$ 373,678	\$ (4,622)	\$ 410,511
Interest on investments	2,000	1,987	(13)	3,693
Other revenue	-	56,615	56,615	-
Total revenues	<u>380,300</u>	<u>432,280</u>	<u>51,980</u>	<u>414,204</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	160,000	160,000	-	140,000
Interest	248,440	248,189	251	253,921
Total expenditures	<u>408,440</u>	<u>408,189</u>	<u>251</u>	<u>393,921</u>
Excess (deficiency) of revenues over expenditures	<u>(28,140)</u>	<u>24,091</u>	<u>52,231</u>	<u>20,283</u>
Net change in fund balance	(28,140)	24,091	52,231	20,283
Fund balance - beginning	363,182	363,182	-	342,899
Fund balance - ending	<u>\$ 335,042</u>	<u>\$ 387,273</u>	<u>\$ 52,231</u>	<u>\$ 363,182</u>