CITY OF MUSKEGON

CITY COMMISSION MEETING

NOVEMBER 13, 2012

CITY COMMISSION CHAMBERS @ 5:30 P.M.

AGENDA

- **CALL TO ORDER:**
- **PRAYER:**
- **PLEDGE OF ALLEGIANCE:**
- **ROLL CALL:**
- **HONORS AND AWARDS:**
- **INTRODUCTIONS/PRESENTATION:**
- **CONSENT AGENDA:**
  - **A.** **Approval of Minutes.** CITY CLERK
  - **B.** **Poverty Exemption Guidelines for Board of Review.** FINANCE
  - **C.** **SCADA Computer Upgrade Proposal for Water Filtration Plant.** PUBLIC WORKS
  - **D.** **Deficit Elimination Plan for Home Rehabilitation Fund and State Grants Fund.** FINANCE
  - **E.** **Union Contract Agreement – Service Employees International Union (SEIU), Local 517M (Clerical).** CITY MANAGER
  - **F.** **Union Contract Agreement – Service Employees International Union (SEIU), Local 517M Unit 2.** CITY MANAGER
- **PUBLIC HEARINGS:**
  - **A.** **Request for an Industrial Facilities Exemption Certificate – Graphics House.** PLANNING & ECONOMIC DEVELOPMENT
- **COMMUNICATIONS:**
- **CITY MANAGER'S REPORT:**
- **UNFINISHED BUSINESS:**
- **NEW BUSINESS:**
  - **A.** **Transmittal of 6/30/12 *Comprehensive Annual Financial Report.***

FINANCE

- **ANY OTHER BUSINESS:**
- **PUBLIC PARTICIPATION:**

- ***Reminder: Individuals who would like to address the City Commission shall do the following:***
- Fill out a request to speak form attached to the agenda or located in the back of the room.
- Submit the form to the City Clerk.
- Be recognized by the Chair.
- Step forward to the microphone.
- State name and address.
- Limit of 3 minutes to address the Commission.
- (Speaker representing a group may be allowed 10 minutes if previously registered with City Clerk.)

- **CLOSED SESSION:**
- **ADJOURNMENT:**

ADA POLICY: The City of Muskegon will provide necessary auxiliary aids and services to individuals who want to attend the meeting upon twenty four hour notice to the City of Muskegon. Please contact Ann Marie Cummings, City Clerk, 933 Terrace Street, Muskegon, MI 49440 or by calling (231) 724-6705 or TTY/TDD dial 7-1-1 to request a representative to dial (231) 724-6705.

Date: November 13, 2012

To: Honorable Mayor and City Commissioners

From: Ann Marie Cummings, City Clerk

RE: Approval of Minutes

SUMMARY OF REQUEST: To approve minutes of the October 23rd City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

CITY OF MUSKEGON

CITY COMMISSION MEETING

OCTOBER 23, 2012

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, MI at 5:30 p.m., Tuesday, October 23, 2012.

Mayor Gawron opened the meeting with a prayer from George Monroe from the Evanston Avenue Baptist Church after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen Gawron, Vice Mayor Lawrence Spataro, Commissioners Willie German, Sue Wierengo, Byron Turnquist, Lea Markowski, and Eric Hood, City Manager Bryon Mazade, City Attorney John Schrier, and City Clerk Ann Marie Cummings.

2012-78 HONORS AND AWARDS:

A. 2012 Employee Service Awards.

Mayor Gawron and the Commissioners presented the Service Awards to the City employees thanking them for their years of service.

2012-79 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the October 8th Commission Worksession Meeting and the October 9th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

C. West Michigan Metropolitan Transportation Planning Program (WestPlan) Dues FY 2013 (October 1, 2012 – September 30, 2013). CITY MANAGER

SUMMARY OF REQUEST: To approve the City of Muskegon's portion of the WestPlan dues, payable to West Michigan Shoreline Regional Development Commission. This agency determines projects and distributes federal transportation funds.

FINANCIAL IMPACT: $16,040.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve this request.

D. Polling Place Accessibility Improvement Grant. CITY CLERK

SUMMARY OF REQUEST: The Michigan Department of State has issued a grant in the amount of $48,660 to the City to make various improvements to polling locations for accessibility. Polling locations are currently located in City buildings and School buildings.

Before actual repairs are made, agreements will need to be signed authorizing the building to be used as a polling location for six years.

FINANCIAL IMPACT: Engineering costs. There is no match to the grant.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the agreements with the condition that we secure six year agreements for use of the buildings as a polling location.

E. U. S. Environmental Protection Agency (USEPA) Grant Submittal. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: The Site Assessment grants that the City of Muskegon has received through the United States Environmental Protection Agency (USEPA) and the Michigan Department of Environmental Quality (MDEQ) have been invaluable in assisting the development of our community. Unfortunately, the current USEPA Site Assessment funds have nearly been exhausted. However, we would like to apply for the 2012 USEPA Hazardous Substances and Petroleum Brownfield Assessment Grant. The application is due November 19, 2012. Envirologic Technologies Inc. (Kalamazoo), our current USEPA grant manager, has once again agreed to prepare the grant on the City of Muskegon's behalf (with assistance from our staff). The City will apply for both "hazardous substances" and "petroleum" brownfield assessment funds. The City will go through a RFP process for environmental consultants if we are approved for the grants.

FINANCIAL IMPACT: If approved, the City of Muskegon will receive up to $200,000 in hazardous substances assessment funds and up to $200,000 in petroleum assessment funds to assist in brownfield redevelopment.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the resolution and authorize the Mayor and Clerk to sign.

F. Lynx Network – Request for Permit Under METRO Act. ENGINEERING

SUMMARY OF REQUEST: Approve the request for a permit from the LYNX Group and authorize the Mayor to sign the Unilateral permit form.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the request for a permit to install fiber optics in the City's right of way; Terrace and Clay area.

G. Amendment to the Zoning Ordinance. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Staff initiated request to amend Section 1504 of the zoning ordinance amend the preamble of the WI-PUD, Waterfront Industrial Planned Unit Development Districts to modify dimensional requirements on new principal buildings.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the zoning ordinance amendment.

COMMITTEE RECOMMENDATION: The Planning Commission recommended approval of the request at their October 11, 2012, meeting by a unanimous decision.

H. Amendment to the Zoning Ordinance. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Staff initiated request to amend Section 1504 of the zoning ordinance to allow manufacturing when associated with port activity as a use permitted in WI-PUD, Waterfront Industrial Planned Unit Development Districts.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the zoning ordinance amendment.

COMMITTEE RECOMMENDATION: The Planning Commission recommended approval of the request at their October 11, 2012, meeting by a unanimous decision.

I. Liquor License Request – Unruly Brewing Company, LLC, 360 W. Western. CITY CLERK

SUMMARY OF REQUEST: The Liquor Control Commission is seeking local recommendation on a request from Unruly Brewing Company, LLC, for a new Micro Brewer License and a Small Wine Maker License located at 360 W.

Western Avenue.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval.

Motion by Commissioner Hood, second by Vice Mayor Spataro to approve the Consent Agenda as read except item B.

ROLL VOTE: Ayes: Wierengo, Turnquist, Markowski, Gawron, Hood, Spataro, and German

Nays: None

MOTION PASSES

2012-80 ITEM REMOVED FROM THE CONSENT AGENDA:

B. SECOND READING: Eliminate On-Street Parking Prohibition During Winter Months. CITY MANAGER

SUMMARY OF REQUEST: To amend Chapter 92, Article II, of the Code of Ordinances of the City of Muskegon to repeal Section 8.31, which prohibited parking on the street between 2:00 a.m. and 6:00 a.m. on any day between the dates of November 15 and April 15 or any other time when snow removal is necessary.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the ordinance amendment.

Motion by Vice Mayor Spataro, second by Commissioner Wierengo to approve the elimination of on-street parking prohibition during winter months.

ROLL VOTE: Ayes: Markowski, Gawron, Hood, Spataro, German, Wierengo, and Turnquist

Nays: None

MOTION PASSES

2012-81 PUBLIC HEARINGS:

A. Request for an Industrial Facilities Exemption Certificate – Forming Technologies. PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Pursuant to Public Act 198 of 1974, as amended, Forming Technologies, LLC, 1885 E. Laketon Ave., has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The total capital investment will be $70,694 in real property and $561,059 in personal property and will create 21 jobs. This qualifies them for a tax abatement of 12 years on real property and 9 years on personal property.

FINANCIAL IMPACT: The City will capture certain additional property taxes generated by the expansion.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the resolution granting an Industrial Facilities Exemption Certificate for a term of 12 years for real property and 9 years for personal property.

The Public Hearing opened to hear and consider any comments from the public. Comments were heard from David Hembree, 1885 W. Laketon, representative from Forming Technologies.

Motion by Commissioner Hood, second by Vice Mayor Spataro to close the Public Hearing and approve the resolution granting an Industrial Facilities Exemption Certificate for a term of 12 years for real property and 9 years for personal property for Forming Technologies.

ROLL VOTE: Ayes: Gawron, Hood, Spataro, German, Wierengo, Turnquist, and Markowski

Nays: None

MOTION PASSES

2012-82 NEW BUSINESS:

A. <u>First Quarter 2012-13 Budget Reforecast.</u> FINANCE

SUMMARY OF REQUEST: At this time staff is transmitting the ***First Quarter 2012-13 Budget Reforecast*** which outlines proposed changes to the original budget that have come about as result of changes in revenue projections, policy priorities, labor contracts, updated economic conditions, or other factors. This year there are more changes than normal for the first quarter reforecast.

FINANCIAL IMPACT: Specific proposed changes to the budget include:

- The beginning fund balance for the General Fund is $5,020,045 (as audited) up from $4,576,273 estimated at the time the budget was prepared;
- General Fund revenues are reforecast to be $271,412 (-1.2%) lower than originally budgeted. The decrease is mostly attributable to the following changes:
    - Lower property tax revenues due to the tax appeal settlement with Consumers Energy;
    - This loss is somewhat offset by estimated higher income tax and state shared revenues;
- General Fund expenditures are estimated to be $633,024 (-2.6%) lower than originally budgeted:

    - Benefit costs are projected lower for all departments due to better than expected actuarial valuation results for retiree healthcare and pensions.
    - Privatization of inspections and the new streetlighting contract with Consumers Energy also contribute to lower costs;
    - The contingency account is increased $150,000 for possible tax appeal outcomes.
- The General Fund operating deficit is $214,126 as compared to $575,738 when the original budget was adopted.

BUDGET ACTION REQUIRED: City Commission approval of this reforecast will formally amend the City's 2012-13 budget.

STAFF RECOMMENDATION: Approval.

Motion by Vice Mayor Spataro, second by Commissioner Wierengo to approve the First Quarter 2012-2013 Budget Reforecast.

ROLL VOTE: Ayes: Spataro, German, Wierengo, Turnquist, Markowski, Gawron, and Hood

Nays: None

MOTION PASSES

PUBLIC PARTICIPATION: Public comments received.

ADJOURNMENT: The City Commission Meeting adjourned at 6:04 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk

Date: November 13, 2012

To: Honorable Mayor and City Commissioners

From: Finance Department

RE: Poverty Exemption Guidelines for Board of Review

SUMMARY OF REQUEST: Due to recent court decisions and policy changes by the State Tax Commission, the County Equalization Department has requested the City amend its Board of Review Poverty Exemption Guidelines.

The attached *Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test* has been prepared to meet these new standards.

FINANCIAL IMPACT: The revised guidelines provide clarification to the Board of Review in the granting of poverty-based tax exemptions.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the poverty guideline resolution as requested by the County Equalization Department.

COMMITTEE RECOMMENDATION: None.

Resolution to Adopt Poverty Exemption Income Guidelines and Asset Test

WHEREAS, the principal residence of persons who, in the judgment of the City Assessor and Board of Review, by reason of poverty, are unable to contribute to the public charges is eligible for exemption in whole or part from taxation under the General Property Tax Act; and

WHEREAS, the City Commission is required by Section 7u of the General Property Tax Act, Public Act 206 of 1893 (MCL 211.7u), to adopt guidelines for poverty exemptions:

NOW, THEREFORE BE IT HEREBY RESOLVED. pursuant to MCL 211.7u, that the City of Muskegon, Muskegon County adopts the following guidelines for the City Assessor and Board of Review to implement.

The guidelines shall include but not be limited to the specific income and asset levels of the claimant and all persons residing in the residence filed in the current and immediately preceding year.

To be eligible, a person shall do all of the following on an annual basis:

1. Be an owner of and occupy as a principal residence the property for which an exemption is requested.

2. File a claim with the City Assessor or Board of Review, accompanied by Federal and State income tax returns for all persons residing in the residence filed in the immediately preceding year or in the current year or an affidavit for all personas residing in the residence who were not required to file federal or state income tax returns for the current or preceding year.

3. Produce a valid drivers' license or other form of positive identification if requested.

4. Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested if requested.

5. Meet the federal poverty income guidelines as defined and determined annually by the United States Office of Management and Budget (or its successor).

6. Total household assets, except for the principal residence being claimed, essential household goods and one motor vehicle may not exceed $20,000 for the entire household. Assets include, but are not limited to real estate, motor vehicles, recreational vehicles and equipment, time shares, certificates of deposit, savings accounts, checking accounts, stocks bonds, life insurance, retirement funds, antiques and collectibles, etc. Assets do not include basic essential household goods such as furniture, appliances, dishes and clothing. The value of assets will not be reduced by the amount of any indebtedness owed on such assets or any indebtedness otherwise owed by the applicant or members of the household.

BE IT ALSO RESOLVED that the Board of Review shall follow the above stated policy and Federal guidelines in granting or denying an exemption, unless the Board of Review determines that there are substantial and compelling reasons why there should be a deviation from the policy and Federal guidelines and these are communicated in writing to the claimant.

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

BULLETIN NO. 5 of 2012
POVERTY EXEMPTIONS
May 29, 2012

TO: Assessor and Equalization Directors

FROM: State Tax Commission

SUBJECT: Poverty Exemptions

Bulletin 7 of 2010 is rescinded. This Bulletin has been updated to reflect changes in what is considered income for the asset test, due to the Court of Appeals determination in Ferrero v Township of Walton. These changes are described in Section C below. Also included are changes in the requirement of federal and state income tax returns due to the passage of Public Act 135 of 2012.

The purpose of this bulletin is to provide additional guidance to assessors and Equalization Directors to provide to Boards of Review regarding poverty exemptions, MCL 211.7u.

If a person's financial situation prevents them from being able to pay the property taxes on his/her home is there a way to reduce the amount of property taxes the taxpayer must contribute?

MCL 211.7u of the General Property Tax Act, MCL 211.1, et. seq., allows a property tax exemption for the principal residence of persons who, in the judgment of the supervisor and board of review, by reason of poverty, are unable to contribute to the public charges.

To be eligible for the poverty exemption, a person must own and occupy the principal residence for which the exemption is requested, file a claim (each year the exemption is sought) with the supervisor or board of review on the city/township's form, along with federal and state income tax returns for all persons residing in the principal residence or file an affidavit for all persons residing in the residence who were not required to file federal or state income tax returns for the current or preceding tax year, show proof of ownership, and meet federal poverty income standards annually determined by the U.S. Office Department of Health and Human Services or standards adopted by the local assessing unit's governing body (if the local assessing unit's standards are less strict than the federal guidelines). *See Section D: Filing for the Poverty Exemption below.*

A. Poverty Exemption Guidelines Options

MCL 211.7u was significantly altered by PA 390 of 1994 and was further amended by PA 620 of 2002 and PA 104 of 2003.

Pursuant to MCL 211.7u(2)(e), local governing bodies are required to adopt guidelines that set income levels for their poverty exemption guidelines and those income levels **shall not be set lower** by a city or township than the federal poverty guidelines updated annually by the U.S. Department of Health and Human Services. This means, for example, that the income level for a household of 4 persons **shall not** be set lower than $22,100, shown in the chart in Section B below. The income level for a family of 4 persons, however, may be set higher than $22,100 by the local assessing unit.

In order to determine a taxpayer's eligibility for poverty exemption guidelines, PA 390 of 1994 states that the poverty exemption guidelines established by the governing body of the local assessing unit shall also include an asset level test. An asset test means the amount of cash, fixed assets or other property that could be used, or converted to cash for use in the payment of property taxes for the year the property exemption claim was filed. The asset test should calculate a maximum amount permitted and all other assets above that amount should be considered as available. The determination of the amount of the asset level test is left to the discretion of the local assessing unit.

B. Federal Poverty Guidelines Used in the Determination of Poverty Exemptions for 2012.

The following are the federal poverty guidelines for use in setting poverty exemption guidelines for the 2012 assessments.

Size of Family Unit	Poverty Guidelines
1	$ 10,900
2	$ 14,700
3	$ 18,500
4	$ 22,400
5	$ 26,200
6	$ 30,000
7	$ 33,800
8	$ 37,600
For each additional person	$3,800

The income guidelines shall include, but are not limited to, the specific income for the person claiming the exemption, and should also include anyone else who is living at the claimant's household. According to the U.S Census Bureau, "income" includes:

- Money, wages, and salaries before any deductions.
- Net receipts from non-farm self-employment. (These are receipts from a person's own business, professional enterprise, or partnership, after deductions for business expenses.)

- Net receipts from farm self-employment. (the same provisions as above for self-employment.)
- Regular payments from social security, railroad retirement, unemployment, worker’s compensation, veteran’s payments and public assistance.
- Alimony, child support, and military family allotments.
- Private pensions, governmental pensions, and regular insurance or annuity payments,
- College or university scholarships, grants, fellowships, and assistantships.
- Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.

For example, it is possible that a claimant might meet the income test for the poverty exemption for all the persons living at the claimant’s household but the claimant does not meet the asset level test of the entire household or some additional test adopted by the local governing body. In this situation the claimant would **not** **qualify** for the poverty exemption even though the income level for the entire household test was met.

C. Asset Tests for the Poverty Exemption

The local governing body must adopt poverty exemption income guidelines and an asset level test. The asset test may include a variety of assets that the board believes should be considered in determining the applicant's eligibility. The asset test, however, does not include the principal residence.

According to the Michigan Tax Tribunal in *Robert Taylor v Sherman Twp.* (MTT Small Claims Division, Docket No. 236230, August 13, 1997), the Tax Tribunal views the 'asset test' to be an indication of funds available which might be used to pay one's taxes. In *Taylor*, Tax Tribunal held, “If the equity of the homestead is included, it would require the Petitioner to sell his homestead or borrow against the equity to pay the taxes. The Tribunal finds that the inclusion of the value of the equity is inconsistent with the basic intent of the granting of poverty exemptions, that being to enable the petitioning party to maintain their homestead."

The Michigan Court of Appeals ruled in Ferrero v Township of Walton (302221) that monies received pursuant to MCL 206.520 (homestead property tax credit) is a rebate of property taxes and is not income for purposes of MCL 211.7u.

The local governing body should set a maximum asset amount that would likely result in receiving a 0% poverty exemption. This could be either a dollar amount or a percentage of total income.
For example, a governing body could decide that claimants with a total asset value of $15,000 or more will receive a 0% poverty exemption, even though they meet the federal poverty income guidelines. Or, another township could decide that its maximum value of assets eligible for the exemption is $150,000.

Based upon the assets listed on a poverty exemption application, the Board of Review may grant the application a 0% to 100% exemption. This does not preclude the local governing body with from allowing an applicant to own other things, in addition to the house and still receive a poverty exemption. Possible examples include:

- Additional vehicles
- More land than a minimum "footprint" for the home
- Equipment or other personal property of value, including recreational vehicles (campers, motor homes, boats, ATV's etc.)
- Bank account(s) up to a specified amount

A local governing unit, however, may require an applicant to list all of his/her assets to apply for a poverty exemption. Below are some examples of assets the local governing may choose to ask an applicant to list. (This is not an exhaustive list).

- A second home
- Land
- Vehicles
- Recreational vehicles such as campers, motor-homes, boats and ATV's
- Buildings other than the residence
- Equity in the residence above a specified amount
- Jewelry
- Antiques
- Artworks
- Equipment
- Other personal property of value
- Bank accounts over a specified amount
- Stocks
- Money received from the sale of property such as stocks, bonds, a house or a car unless a person is in the specific business of selling such property.
- Withdrawals of bank deposits and borrowed money.
- Gifts, loans, lump-sum inheritances, and one-time insurance payments.
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms.
- Federal non-cash benefits programs such a Medicare, Medicaid, food stamps, and school lunches.

Pursuant to PA 390 of 1994, all local governing units **shall** make available the local policy and guidelines established for granting poverty exemptions to a requesting taxpayer.
The local governing unit is required by MCL 211.7u(5) to follow the established policy and guidelines of the local assessing unit in granting or denying a poverty exemption. MCL 211.7u(5), permits the Board of Review to deviate from this mandate only when there are "substantial and compelling reasons why there should be a deviation from the

policy and guidelines." If the Board of Review deviates from the policy and guidelines, they are **required** by statute to communicate the substantial and compelling reasons for the deviation from the guidelines *in writing* to the claimant.

For example, a wife suffers a catastrophic illness, and the husband is forced to reduce his work hours to care for her. Their medical bills exceed their insurance coverage and they have used their savings, credit and income to pay those bills, leaving no funds to pay the taxes. Even if their assets exceed the township's maximum asset amount, a board of review might consider these substantial and compelling reasons to deviate from the guidelines.

D. Filing Requirements for the Poverty Exemption

In order to be eligible for the poverty exemption, the claimant must do all of the following on an annual basis.

1) Own and occupy as a principle residence for which the exemption is requested.
2) File a claim with the supervisor or the local board of review after January 1st but before the day prior to the last day of the Board of Review on a form provided by the local assessing unit. (Note: the filing of this claim constitutes an appearance before the March Board of Review for the purpose of preserving the right to appeal to the Michigan Tax Tribunal).
3) Provide federal and state income tax returns for all persons residing in the principal residence including any property tax credit returns. These income tax returns shall include those filed in the current year or in the immediately preceding year. An affidavit may be filed for all persons residing in the residence who were not required to file federal or state income tax returns in the current year or in the immediately preceding year.
4) Produce a valid driver's license or other form of identification if requested by the supervisor or board of review.
5) Produce a deed, land contract, or other evidence of ownership of the property for which an exemption is being requested if requested by the supervisor or the board of review.
6) Meet the federal poverty income standards as defined and determined annually by the United States Department of Health and Human Services OR meet the alternative income standards adopted by the local governing body. **Important: alternative guidelines shall not require less income to qualify for the poverty exemption than the federal guidelines require.**
7) Meet the asset levels set by the local governing body.
8) Meet any other tests that may be set by the local governing body.

E. Poverty Exemption for Principal Residence and Qualified Agricultural Property

According to PA 104 of 2003, Eff. January 1, 2004, the poverty exemption only applies to an individual homeowner for his/her "principle residence." As used in MCL 211.7u, "principle residence" means a principle residence or a qualified agricultural property as defined by MCL 211.7dd.

No property owned by a corporation may receive the poverty exemption. This means that even if a corporation meets the definition of a principal residence or of qualified agricultural property a corporation shall not be eligible to receive the poverty exemption.

F. Requesting a Poverty Exemption and Appealing Assessment

PA 390 of 1994 allows a claimant requesting a poverty exemption to also appeal his/her assessment before the March Board of Review in the same year.

G. Appealing BOR decisions regarding the Poverty Exemption to the MTT

A property owner or an assessor may appeal the March Board of Review's decision granting or denying a poverty exemption to the Michigan Tax Tribunal. Appeals to the MTT must be made by July 31 of the same year.

H. Partial Poverty Exemption for Principal Residences and Qualified Agricultural Property

PA 390 of 1994 allows for partial poverty exemptions. A partial poverty exemption is an exemption of only a part of the taxable value of the property rather than the entire taxable value. The local governing body could limit its poverty exemptions to partial exemptions or to minimum or maximum exemptions of their choosing.

I. Comments by the State Tax Commission

The State Tax Commission is concerned regarding the apparent trend toward the abuse of the poverty exemption. The rules and guidelines that PA 390 of 1994 will enable local units to more fairly and consistently exempt qualifying property owners, and will provide better audit tools to local units and the State Tax Commission to prevent abuse of the exemption. Assessors, Boards of Review and Supervisors should all be aware that the 1963 Michigan Constitution still provides a narrow construction of what is, and what is not exempt. Only those poverty exemptions where the claimant meets the requirements of the Act should be granted.

Date: **November 13, 2012**

To: **Honorable Mayor and City Commission**

From: **Water Filtration - DPW**

RE: **SCADA Computer Upgrade Proposal for Water Filtration Plant**

SUMMARY OF REQUEST:

Authorize staff to enter into an agreement with Tetra Tech 710 Avis Drive, Ann Arbor, MI. 48108 for SCADA programming and the purchase of Dell computers for a total cost of $44,000.00

FINANCIAL IMPACT:

$44,000.00.

BUDGET ACTION REQUIRED:

None at this time but future budget re-forecasting may be considered.

STAFF RECOMMENDATION:

Authorize staff to enter into an agreement with Tetra Tech 710 Avis Drive, Ann Arbor, MI. 48108 for SCADA programming and to purchase Dell replacement computer equipment for a total expense of $44,000.00.

Date: 10/22/2012

To: Mohammed Al-Shatel, Director of DPW.

From: Water Filtration Plant.

RE: Computer system upgrades.

The computer system is becoming unreliable and software is more than ten years old. Upgrades have been proposed to replace the servers, several PCs, purchase a tablet for portable use, replace the UPS, and have Tetra Tech program and setup the software for the SCADA, provided by Wonderware. Earlier this year we purchased the software support from Wonderware in anticipation of this upgrade to Microsoft windows 7. Compatibility with Windows 7 by the SCADA program is essential. Tetra Tech is the preferred provider of this service because of their past development and support for the SCADA system. They are supported by the In-Touch company that produced the Wonderware SCADA software.

Staff recommends approving Tetra Tech to provide setup and programming to restore the operation of the SCADA for control of the water filtration plant computers for cost of 29,900.00 and hardware costs of 14,100.00 for total project cost of 44,000.00.

Date: November 5, 2012

To: Honorable Mayor and City Commissioners

From: Assistant Finance Director

RE: Deficit Elimination Plan for Home Rehabilitation Fund and State Grants Fund

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SUMMARY OF REQUEST: At June 30, 2012 the City of Muskegon Home Rehabilitation Fund had a deficit balance of $182,501 and the State Grants Fund had a deficit unassigned balance of $8,781. Act 275 of the Public Acts of 1980 requires that the City file a Deficit Elimination Plan with the Michigan Department of Treasury. Staff is requesting adoption of the Home Rehabilitation Fund and State Grants Fund Deficit Elimination Plan Resolutions.

FINANCIAL IMPACT: As presented by the Deficit Elimination Plan the Home Rehabilitation Fund and State Grants Fund will no longer have a deficit by June 30, 2014.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Adoption of the Deficit Elimination Plan Resolutions.

COMMITTEE RECOMMENATION:

DEFICIT ELIMINATION PLAN
City of Muskegon
State ID Number 61-2020
Home Rehabilitation Fund
November 2, 2012

At June 30, 2012 the City of Muskegon Home Rehabilitation Fund had a deficit balance of $182,501. The ongoing inability to sell 6 homes has been the problem for not reducing the debt. During the last fiscal year, 5 of the 6 Lease with Option to Purchase agreements expired, 4 have become month to month rentals and one property is vacant. Most of these families are waiting for their credit scores to increase to 640. Credit score requirements have changed from when they started the purchase process making it more difficult to secure a mortgage.

Lease with Option to Purchase

Currently the City of Muskegon has four rehabilitated homes being rented on a month to month agreement:

	Purchase Price	Annual Rent
867 Williams	$40,000	$8,400
435 Monroe	$40,000	$8,400
218 Catherine	$40,000	$7,500
1581 Division	$50,000	$9,600

We are in the process of eviting the owners at 218 Catherine, because of non-payment. The eviction should be with the next 30 days. Staff had been working with the occupants to settle with a local credit union but lack of progress on behalf of the tenants made it impossible to continue any longer.

The house at 451 Isabella is vacant and hopefully someone will want to purchase or qualify for the Lease with Option to Purchase program soon. The home has been placed on the market for $36,000. The realtor is hopeful because they have had calls off and on over the last months but no applications for purchase to date.

Marketing

The City is now working with a real estate agent from Green Ridge Realtors to market and sell the vacant HOME properties. The Community and Neighborhood Services department continues to advertise on the City's website, host open houses and market their homes to neighborhood associations.

There is only home currently vacant and being marketed:

451 Isabella

The staff remains hopeful that the homes at 1581 Division, 867 Williams, 435 Monroe, and 539 Orchard will sell by June 30, 2013.

On a positive note the home at 2265 Lincoln was rehabbed during the fiscal year and was sold on September 14, 2012.

The following table shows the budget for the Home Rehabilitation Fund.

	2010/2011		2011/2012		Budgeted 2012/2013		Budgeted 2013/2014	
Beginning Fund Balance July 1,	$	(241,404)	$	(166,174)	$	(182,501)	$	(42,501)
Revenues								
Federal Grants	$	139,524	$	274,875	$	200,000	$	200,000
Other - proceeds from sale of assets	$	75,230	$	52,088	$	140,000	$	80,000
Transfers in/out			$	27,556				
Total Revenues	$	214,754	$	354,519	$	340,000	$	280,000
Expenditures								
Capital Outlay	$	139,524	$	370,846	$	200,000	$	200,000
Ending Balance June 30,	$	(166,174)	$	(182,501)	$	(42,501)	$	37,499

DEFICIT ELIMINATION PLAN
City of Muskegon
State ID Number 61-2020
State Grants Fund
November 2, 2012

On June 30, 2012 the State Grants Fund had a fund balance of $147,766 however the unassigned fund balance was ($8,781). This deficit balance was caused by a high loan receivable classified as an unspendable fund balance. As the loan balance goes down the unassigned balance will increase. This deficit should be eliminated in the next fiscal year as the loan balance decreases and the accounts receivable balance also decreases.

	2010/2011	**2011/2012**	**2012/2013**
Beginning Fund Balance July1st	$500,140	$237,439	$147,766
Revenues			
Federal/State Grants	$462,517	$121,630	300,000
Interest	$613	$9,250	$500
Total Revenue	$463,130	$130,880	$300,500
Expenditures			
Principal	$200,578	$94,597	$20,211
Interest	$8,168	$4,326	$3,005
Capital Outlay	$634,622	$120,505	320,000
Total Expenditures	$843,368	$219,428	$343,216
Transfers in/out	$117,532	(1,125)	
Ending Balance June 30th	$237,434	$147,766	$105,050
Nonspendable - long-term loans receivable	$309,369	$156,547	$101,113
Unassigned	($71,930)	($8,781)	$3,937
Ending Balance June 30th	$237,439	$147,766	$105,050

AGENDA ITEM NO. ___________________

CITY COMMISSION MEETING _____________________________

TO: Honorable Mayor and City Commissioners

FROM: Bryon L. Mazade, City Manager

DATE: October 30, 2012

RE: Union Contract Agreement – Service Employees International Union (SEIU), Local 517M (Clerical)

SUMMARY OF REQUEST:
To approve an agreement with SEIU, Local 517M (Clerical) to extend their union contract for one year (through December 31, 2013) under the same terms (no salary increase) and conditions.

FINANCIAL IMPACT:
None.

BUDGET ACTION REQUIRED:
None.

STAFF RECOMMENDATION:
To approve the attached agreement to extend the union contract with SEIU, Local 517M and authorize the Mayor and Clerk to execute it.

COMMITTEE RECOMMENDATION:
None.

AGREEMENT TO CONTINUE COLLECTIVE BARGAINING AGREEMENT

This agreement is effective on January 1, 2013, between the City of Muskegon (hereinafter referred to as "EMPLOYER") and the Service Employees International Union, Local 517M (hereinafter referred to as "UNION").

RECITALS

1. The Employer and the Union are currently parties to a collective bargaining agreement (CBA) that expires on December 31, 2012.

2. The Employer and the Union desire to extend the current CBA under its current terms and conditions (including no salary increase) for one year (through December 31, 2013).

NOW THEREFORE, the parties agree to extend the current CBA under the terms included in the RECITALS stated above.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed this ___________ day of ___________________________, 2012.

SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 517M	CITY OF MUSKEGON
________________________________	________________________________
Christine Fahl Business Representative	Stephen J. Gawron Mayor
________________________________	________________________________
Janice LaBrenz Unit President	Ann Cummings City Clerk

AGENDA ITEM NO. ___________________

CITY COMMISSION MEETING _____________________________

TO: Honorable Mayor and City Commissioners

FROM: Bryon L. Mazade, City Manager

DATE: October 30, 2012

RE: Union Contract Agreement – Service Employees International Union (SEIU), Local 517M, Unit 2

SUMMARY OF REQUEST:
To approve an agreement with SEIU, Local 517M, Unit 2 to extend their union contract for one year (through December 31, 2013) under the same terms (no salary increase) and conditions.

FINANCIAL IMPACT:
None.

BUDGET ACTION REQUIRED:
None.

STAFF RECOMMENDATION:
To approve the attached agreement to extend the union contract with SEIU, Local 517M and authorize the Mayor and Clerk to execute it.

COMMITTEE RECOMMENDATION:
None.

AGREEMENT TO CONTINUE COLLECTIVE BARGAINING AGREEMENT

This agreement is effective on January 1, 2013, between the City of Muskegon (hereinafter referred to as "EMPLOYER") and the Service Employees International Union, Local 517M, Unit 2 (hereinafter referred to as "UNION").

RECITALS

1. The Employer and the Union are currently parties to a collective bargaining agreement (CBA) that expires on December 31, 2012.

2. The Employer and the Union desire to extend the current CBA under its current terms and conditions (including no salary increase) for one year (through December 31, 2013).

NOW THEREFORE, the parties agree to extend the current CBA under the terms included in the RECITALS stated above.

IN WITNESS WHEREOF, the parties have caused this instrument to be executed this ___________ day of ___________________________, 2012.

SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 517M, UNIT 2	CITY OF MUSKEGON
______________________________	______________________________
Christine Fahl Business Representative	Stephen J. Gawron Mayor
______________________________	______________________________
Troy Marciniak Unit President	Ann Cummings City Clerk

Commission Meeting Date: November 13, 2012

Date: November 8, 2012

To: Honorable Mayor and City Commissioners

From: Planning & Economic Development

RE: Public Hearing - Request for an Industrial Facilities Exemption Certificate – Graphics House

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SUMMARY OF REQUEST:

Pursuant to Public Act 198 of 1974, as amended, Graphics House Sports Promotions, Inc, has requested the issuance of an Industrial Facilities Tax Exemption Certificate. The company will be investing $131,067 in real property and $135,092 in personal property. The investment is expected to create three jobs. This qualifies them for a tax abatement of six years on personal property and 12 years on real property.

FINANCIAL IMPACT:

The City will capture certain additional property taxes generated by the expansion (see attached Summary Sheet).

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Approval of the attached resolution granting an Industrial Facilities Exemption Certificate for a term of six years for personal property and twelve years for real property.

COMMITTEE RECOMMENDATION:

None

Resolution No. _______

MUSKEGON CITY COMMISSION

RESOLUTION APPROVING APPLICATION FOR ISSUANCE
OF INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
GRAPHICS HOUSE SPORTS PROMOTIONS, INC

WHEREAS, pursuant to P.A. 198 of 1974 as amended, after duly noticed public hearing held on March 27, 2012, this Commission by resolution established an Industrial Development District as requested by Graphics House Sports Promotions, Inc, including the property they own at 444 Irwin Ave, Muskegon, Michigan 49442; and

WHEREAS, Graphics House Sports Promotions, Inc has filed an application for the issuance of an Industrial Facilities Tax Exemption Certificate with respect to new machinery and equipment that has been installed within said Industrial Development District ; and

WHEREAS, said application was filed no later than six months after project completion and the Muskegon City Commission held a public hearing on November 13, 2012, at the Muskegon City Hall in Muskegon, Michigan at 5:30 p.m. at which hearing the applicant, the assessor and representatives of the affected taxing units were given written notice and were afforded an opportunity to be heard on said application; and

WHEREAS, the installation of machinery and equipment is calculated to and will have the reasonable likelihood to retain, create, or prevent the loss of employment in Muskegon, Michigan; and

WHEREAS, the aggregate SEV of real property exempt from ad valorem taxes within the City of Muskegon, will not exceed 5% of an amount equal to the sum of the SEV of the unit, plus the SEV of personal and real property thus exempted.

NOW, THEREFORE, BE IT RESOLVED by the Muskegon City Commission of the City of Muskegon, Michigan that:

1) The Muskegon City Commission finds and determines that the Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 198 of the Public Act of 1974 as amended and Act No. 255 of the Public Acts of 1978 as amended shall not have the effect of substantially impeding the operation of the City of Muskegon or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Muskegon.

2) The application of Graphics House Sports Promotions, Inc , for the issuance of an Industrial Facilities Tax Exemption Certificate with respect to the installation of new machinery and equipment on the following described parcel of real property situated within the City of Muskegon to wit:

CITY OF MUSKEGON REVISED PLAT OF 1903 THAT PART OF BLK 96 & VAC NIMS ST DESC AS COM AT SW COR OF SD BLK FOR POB TH N ALG W LN OF SD BLK 330 FT TH E AT RT ANGLES TO W LN 235.86 FT TO NELY LN OF BLK 96 & SWLY LN OF SD VAC NIMS ST TH N 48D 47M 35S E 35.47 FT TO CL OF VAC NIMS ST TH SELY ALG CL ON ARC OF A SPIRAL CURVE TO LT TO THE N OF IRWIN AVE (THE LONG CHORD OF SD SPIRAL CURVE BEARS S 42D 01M 30S E 466.40 FT) TH S 89D 18M 45S W ALG SD N LN IRWIN AVE 574.81 FT TO POB

3) The Industrial Facilities Tax Exemption Certificate is issued and shall be and remain in force and effect for a period of _______ years on personal property and ________ years on real property.

Adopted this 13th Day of November 2012.

Ayes:

Nays:

Absent:

BY: ________________________________
Stephen Gawron
Mayor

ATTEST: ________________________________
Ann Cummings
Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission, County of Muskegon, Michigan, at a regular meeting held on November 13, 2012.

____
Ann Cummings
Clerk

RECEIVED

OCT 30 2012

CITY OF MUSKEGON PLANNING DEPARTMENT

Michigan Department of Treasury
1012 (Rev. 7/05)

Application for Industrial Facilities Tax Exemption Certificate

Issued under authority of P.A. 198 of 1974, as amended. Filing is mandatory.

INSTRUCTIONS: File the original and two copies of this form and the required attachments (three complete sets) with the clerk of the local government unit. The State Tax Commission (STC) requires two complete sets (one original and one copy). One copy is retained by the clerk. If you have any questions regarding the completion of this form or would like to request an informational packet, call (517) 373-3272.

To be completed by Clerk of Local Government Unit	
Signature of Clerk	Date received by Local Unit

STC Use Only	
Application Number	Date Received by STC

APPLICANT INFORMATION
All boxes must be completed.

1a. Company Name (Applicant must be the occupant/operator of the facility): Graphics House Sports Promotions Inc

1b. Standard Industrial Classification (SIC) Code - Sec. 2(10) (Four Digit Code): 2750

1c. Address of Facility (real property or personal property location): 444 Irwin Ave, Muskegon, MI 49442

1d. Name of City/Township/Village (Indicate which): City of Muskegon

1e. County: Muskegon

2. Type of Approval Requested
- [x] New (Sec. 2(4))
- [ ] Transfer (1 copy to only)
- [ ] Speculative Building (Sec. 3(8))
- [ ] Rehabilitation (Sec. 3(1))
- [ ] Research and Development (Sec. 2(9))

3a. School District where facility is located: Muskegon

3b. School Code: 61010

4. Amount of years requested for exemption (1-12 Years): 12

5. Thoroughly describe the project for which exemption is sought: Real Property (Type of Improvements to Land, Building, Size of Addition); Personal Property (Explain New, Used, Transferred from Out-of-State, etc.) and Proposed Use of Facility. (Please attach additional page(s) if more room is needed).

See Attached

6a. Cost of land and building improvements (excluding cost of land) .... 154,721.86 Real Property Costs
* Attach list of improvements and associated costs.
* Also attach a copy of building permit if project has already begun.

6b. Cost of machinery, equipment, furniture and fixtures .... 111,436.75 Personal Property Costs
* Attach itemized listing with month, day and year of beginning of installation plus total costs

6c. Total Project Costs .... 266,158.61 Total of Real & Personal Costs

7. Indicate the time schedule for start and finish of construction and equipment installation. Projects must be completed within a two year period of the effective date of the certificate unless otherwise approved by the STC.

	Begin Date (M/D/Y)	End Date (M/D/Y)	Owned	Leased
Real Property Improvements	5.29.12	11.30.12	[ ]	[x]
Personal Property Improvements	10.8.12	11.30.12	[x]	[ ]

8. Are State Education Taxes reduced or abated by the Michigan Economic Development Corporation (MEDC)? If yes, applicant must attach a signed MEDC Letter of Committment to receive this exemption. [ ] Yes [x] No

9. Number of existing jobs at this facility that will be retained as a result of this project. 65

10. Number of new jobs at this facility expected to be created within two years of project completion. 10

11. Rehabilitation applications only: Complete a, b and c of this section. You must attach the assessor's statement of valuation for the entire plant rehabilitation district. The SEV data below must be as of December 31 of the year prior to the rehabilitation.

a. SEV of Real Property (excluding land) .... ______

b. SEV of Personal Property (excluding inventory) .... ______

c. Total SEV .... ______

12a. Check the type of District the facility is located in:
- [x] Industrial Development District
- [ ] Plant Rehabilitation District

12b. Date district was established by local government unit (contact local unit): 7/26/1983

12c. Is this application for a speculative building (Sec. 3(8))? [ ] Yes [x] No

APPLICANT CERTIFICATION - complete all boxes.

The undersigned, authorized officer of the company making this application certifies that, to the best of his/her knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of P.A. 198 of 1974, as amended, being Sections 207.551 to 207.572, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local unit of government and the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

13a. Preparer Name Candy Crane	13b. Phone Number 231-733-5664	13c. Fax Number 231-737-1224	13d. E-mail Address candyc@ghimaging.com
14a. Name of Contact Person Candy Crane	14b. Phone Number 231-733-5664	14c. Fax Number 231-737-1224	14d. E-mail Address same
15a. Name of Company Officer (No Authorized Agents) DANIEL J. McKINNON			
15b. Signature of Company Officer (No Authorized Agents) Daniel J. McKinnon		15c. Fax Number 231-737-1224	15d. Date 10-26-12
15e. Mailing Address (Street, City, State, ZIP) 444 Irwin Muskegon MI 49442		15f. Phone Number 231-739-4004	15g. E-mail Address danm@ghimaging.com

LOCAL GOVERNMENT ACTION & CERTIFICATION - complete all boxes.

This section must be completed by the clerk of the local governing unit before submitting application to the State Tax Commission. Check items on file at the Local Unit and those included with the submittal.

16. Action taken by local government unit

☐ Abatement Approved for _______ Years (1-12)

After Completion ☐ Yes ☐ No

☐ Denied (Include Resolution Denying)

16a. Documents Required to be on file with the Local Unit

Check or Indicate N/A if Not Applicable

☐ 1. Notice to the public prior to hearing establishing a district.
☐ 2. Notice to taxing authorities of opportunity for a hearing.
☐ 3. List of taxing authorities notified for district and application action.
☐ 4. Lease Agreement showing applicants tax liability.

16b. The State Tax Commission Requires the following documents be filed for an administratively complete application:

Check or Indicate N/A if Not Applicable

☐ 1. Original Application plus attachments, and one complete copy
☐ 2. Resolution establishing district
☐ 3. Resolution approving/denying application.
☐ 4. Letter of Agreement (Signed by local unit and applicant)
☐ 5. Affidavit of Fees (Signed by local unit and applicant)
☐ 6. Building Permit for real improvements if project has already begun
☐ 7. Equipment List with dates of beginning of installation
☐ 8. Form 3222 (if applicable)
☐ 9. Speculative building resolution and affidavits (if applicable)

17. Name of Local Government Body	18. Date of Resolution Approving/Denying this Application

Attached hereto is an original and one copy of the application and all documents listed in 16b. I also certify that all documents listed in 16a are on file at the local unit for inspection at any time.

19a. Signature of Clerk	19b. Name of Clerk	19c. E-mail Address
19d. Clerk's Mailing Address (Street, City, State, ZIP Code)		
19e. Phone Number	19f. Fax Number	

State Tax Commission Rule Number 57: Complete applications approved by the local unit and received by the State Tax Commission by October 31 each year will be acted upon by December 31. Applications received after October 31 may be acted upon in the following year.

Local Unit: Mail one original and one copy of the completed application and all required attachments to:

State Tax Commission
Michigan Department of Treasury
P.O. Box 30471
Lansing, MI 48909-7971

STC USE ONLY			
LUCI Code	Begin Date	End Date	End Date2

CITY OF MUSKEGON

CONTRACT FOR TAX ABATEMENT
Act 198 Public Acts of 1974

AGREEMENT between CITY OF MUSKEGON, a municipal corporation of 933 Terrace Street, Muskegon, Michigan 49441, ("City") and Graphics House Sports Promotions, Inc. ("Company").

Recitals:

A. The Company has applied to City for the establishment of an industrial development district or industrial rehabilitation district pursuant to the provisions of Act 198 of the Public Acts of 1974, as amended, which act requires a contract between the City and the Company to be agreed and submitted with the Company's subsequent anticipated application for an industrial facilities exemption certificate.

B. That in addition to the statutory requirement, the City has determined that it is in the best interests of the taxpayers, property owners and residents of the City that this Agreement be approved and executed prior to the establishment of the requested district, and the City deems this Contract, together with the conditions set forth in the said Act to constitute a necessary element in the City's determination whether or not to create the district.

C. The Company intends to install the project set forth in its application ("project") which it believes qualifies for the process of establishing the district and the application for industrial facilities exemption certificate.

D. The City, provided this Agreement is executed, will determine whether to create the district based upon the potential for the production of permanent jobs, the continuation or increase of economic activity, planning and zoning considerations and the City's general plan and intentions regarding economic development. In addition to the City policy considerations and predictions that the Company's proposed district and certificate benefit the community in those ways, the City has further determined that the contractual commitments made by the Company to thereby assist the community shall be binding on the Company and necessary to continue the tax exemption made possible by the certificate.

NOW THEREFORE THE PARTIES AGREE:

1. **COMPANY AGREEMENT**. The Company irrevocably commits to the investment, job retention and job creation promises made in its application, a copy of which is attached hereto and incorporated herein. In particular the Company agrees:

1.1 That 100% of the jobs shall be filled and in existence with full-time employees by a date no later than two (2) years from the date of the granting of the certificate by the State Tax Commission.

1.2 The Company shall meet the affirmative action goal included in the application or in any documents supplied by the City and utilized by the Company, including any additional representations made to the City Commission on or before the date two (2) years after the granting of the certificate by the State Tax Commission. It shall maintain the said levels of employment diversity during the period of the certificate.

1.3 The Company, by the end of two (2) years from the date of the grant of the certificate by the State Tax Commission shall have completed the investment of $154,721 in real property improvements and $111,436 in personal property improvements as shown in the application.

1.4 That the improvements and equipment to receive the tax abatement treatment shall be completed on or before the date two (2) years from the date of granting of the certificate by the State Tax Commission.

1.5 The Company shall pay its specific taxes required by the act in a timely manner, and shall not delay payments so as to incur any penalties or interest.

1.6 The Company shall not appeal the valuation of any real or personal property at the facility to the Michigan Tax Tribunal or the State Tax Commission.

1.7 The Company shall fully cooperate with the City representatives in supplying all requested and required documentation regarding jobs, investment, the meeting of all goals and the timely installation and utilization of equipment and improvements. The City shall be entitled to inspect at reasonable hours the Company's premises where the said improvements and equipment have been installed and where the said jobs are performed.

1.8 The Company shall maintain, during the entire period for which the tax abatement is granted, the level of jobs, affirmative action goals, production and utilization of the improvements and equipment at the site where the district has been created and for which the tax exemption has been granted.

1.9 The Company shall not cause or fail to cure the release of any hazardous substance, or the violation of any environmental law on its premises in the City. It shall report any releases to the appropriate governmental authority in a timely and complete manner, and provide copies of said report documentation to the City. It shall comply with all orders and actions of any governmental agency having authority.

1.10 The Company shall maintain the equipment and improvements so as to minimize physical or functional obsolescence.

1.11 The Company shall continue to operate its business location in the City, containing the same number of and type of jobs, for the term of the certificate.

2. **AGREEMENT BY THE CITY**. Provided this contract has been executed and further provided all applications to create the district and achieve the industrial facility exemption certificate have been properly filed, the City shall, in a timely manner, determine in a public meeting to create the district and receive, process, and approve thereafter the Company's application for an industrial facilities exemption certificate. The City may consider this contract in a meeting separate from and prior to the meeting in which the City considers the creation of the district and approval of the application for certificate. Further, the City shall require the submission of this contract signed by the Company together with its applications, before creating the district.

3. **EVENTS OF DEFAULT**. The following actions or failures to comply shall be considered events of default by the Company:

3.1 Failure to meet any of the commitments set forth above.

3.2 The closing of the Company's facilities in the City. Closing shall mean for purpose of this Agreement, the removal, without transfer to another site within the City of substantially all of the production facilities, and the elimination of substantially all the jobs created or retained thereby, which are set forth in the Company's application.

3.3 Failure to afford to the City the documentation and reporting required.

3.4 The failure to create or retain jobs, meet affirmative action goals or expend the funds on equipment and improvements as represented in the application within the times required hereby.

3.5 The bankruptcy or insolvency of the Company.

3.6 The failure to pay any and all taxes and assessments levied on the Company's property or any other taxes, local, state or federal, including but not limited to City income taxes and the withholding of said City income taxes from employees as required by the City Income Tax Ordinance.

3.7 The performance or omission of any act which would lead to revocation under MCLA 207.565, being §15 of the Act.

3.8 The violation of any provisions, promises, commitments, considerations or covenants of this Agreement.

4. **<u>REMEDIES ON DEFAULT.</u>** In the event of any of the above defaults the City shall have the following remedies which it may invoke without notice, except as may be reasonably required by the Company's rights to due process:

4.1 In the event of closing as determined after investigation of the facts and a public hearing, the Company shall be immediately liable for penalties to be paid forthwith to the city as determined as follows:

4.1.1 The Company shall pay to the City for prorata distribution to the taxing units experiencing the abatement, an amount equal to the difference between the industrial facilities tax which it has paid, and the total property taxes to the relevant taxing units which it would have paid, given its installations of improvements and equipment, during the years for which the certificate was in effect.

4.1.2 <u>Immediate Revocation</u>. The Company hereby consents to revocation to the IFT certificate before the State Tax Commission, without hearing, and the City shall submit a copy of this Agreement to the State Tax Commission in connection with its revocation procedure, giving notice that the default has occurred and immediate revocation should occur.

4.2 In the event the improvements and equipment have not been installed before the two (2) year period, in addition to the revocation procedures before the State Tax Commission, the abatement should immediately be reduced by the City proportionately, and any installations which have not been finished at the end of said two (2) year period shall not be eligible for the abatement thereafter and shall be placed on the regular tax roll.

4.3 <u>Failure to Expend the Funds Represented</u>. In the event, (whether or not the installations have been completed), the Company has not expended the funds it has represented on its application that it would invest for the installation of equipment, the abatement shall be reduced prorata, and any remaining value of equipment shall be placed on the regular tax roll.

4.4 <u>Job Creation and Retention</u>. In the event the promised number of jobs have not been created or retained at the end of the two (2) years after the grant of the certificate by the State Tax Commission, the abatement shall be proportionately reduced.

4.5 <u>Affirmative Action Goals</u>. In the event, after one (1) year from the grant of the certificate by the State Tax Commission, the affirmative action goals of the City for additional jobs have not been met on a prorata basis, the abatement shall be revoked.

4.6 For other violations of this Agreement or for actions or omissions by the Company amounting to grounds for revocation by statue, the City shall recommend to the State Tax Commission immediate revocation of the certificate.

4.7 Special Assessment. For any amount due to be paid to the City, under this Section 4, the Company consents that the City shall have a personal action against the Company for the said amount, and in addition, cumulatively, and not by election, the City shall have a special assessment lien on all the property of the Company personal and real, located in the City, for the collection of the amounts due as and in the manner of property taxes and in such case the collection of the said special assessment shall be accomplished by addition by the City to the Company's property tax statement regularly rendered.

5. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Michigan applicable to contracts made and to be performed within the State of Michigan.

6. Counterparts. This Agreement may be executed in one or more counterparts. Notwithstanding such execution all such counterparts shall constitute one and the same Agreement.

7. Benefit. This Agreement shall be binding upon and inure to the benefit of the respective parties, their successors and personal representatives.

8. Effective Date. This Agreement shall be effective on the date the State of Michigan Tax Commission grants the company at Industrial Facilities Exemption Certificate.

CITY OF MUSKEGON

By ________________________
Stephen Gawron, Mayor

Date ________________________

and ________________________
Ann Cummings, Clerk

Date ________________________

By ________________________

Its President

Date 11·2·12

MUSKEGON

West Michigan's Shoreline City

City of Muskegon
Industrial Facilities Exemption Application
Summary Sheet

Project Summary:

Graphics House Sports Promotions, Inc, located at 444 Irwin Ave, will be making a total investment of $266,158 and creating 3 jobs. This investment qualifies them for a 12 year abatement on real property and 9 year abatement on personal property.

Employment Information: **52 employees**

Racial Characteristics:

White	50 (96%)
Minority	2 (4%)

Gender Characteristics:

Male	38 (73%)
Female	14 (27%)

Total No. of Anticipated New Jobs: 3+

Investment Information:

Real Property:	$131,067
Personal Property	$135,092
Total:	$266,159

Property Tax Information: (Annual)	All Jurisdictions	City Only
Total New Taxes Generated	$ 5,919	$ 726
Value of Abatement	$ 2,959	$ 363
Total New Taxes Collected	$ 2,959	$ 363

Income Tax Information: (Annual)
Total Additional Income Tax Generated: $480

Company Requirements:

Adopted Affirmative Action Policy	☒ Yes	☐ No
Meeting w/ City Affirmative Action Director	☒ Yes	☐ No
Signed Tax Abatement Contract	☒ Yes	☐ No
Taxes Paid In Full	☒ Yes	☐ No
Zoning Conflicts	☐ Yes	☒ No

Mike Franzak
Planner III

Dwana Thompson
Dwana Thompson
Affirmative Action Director

Date: November 13, 2012

To: Honorable Mayor and City Commissioners

From: Finance Department

RE: Transmittal of 6/30/12 *Comprehensive Annual Financial Report*

SUMMARY OF REQUEST: The City's *June 30, 2012 Comprehensive Annual Financial Report* (CAFR) has previously been distributed to City Commissioners via both email and hard copy. The CAFR is also available on the City's website at www.shorelinecity.com. At this time the CAFR is being formally transmitted to the Commission in accordance with state law. The CAFR has been prepared in accordance with GASB accounting standards. The CAFR also includes the single-audit of federal grants received by the City.

FINANCIAL IMPACT: The CAFR report summarizes the City's financial activities for the year and includes the independent auditor's unqualified opinion on the City's financial statements.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Acceptance of the CAFR for the period ended 6/30/12.

COMMITTEE RECOMMENDATION: None.