

CITY OF MUSKEGON

CITY COMMISSION MEETING

JUNE 13, 2017 @ 5:30 P.M.

**MUSKEGON CITY COMMISSION CHAMBERS
933 TERRACE STREET, MUSKEGON, MI 49440**

AGENDA

- ☐ **CALL TO ORDER:**
- ☐ **PRAYER:**
- ☐ **PLEDGE OF ALLEGIANCE:**
- ☐ **ROLL CALL:**
- ☐ **HONORS AND AWARDS:**
- ☐ **INTRODUCTIONS/PRESENTATION:**
 - A. Recognition of Spring 2017 Citizen's Academy Graduates**
Public Safety
- ☐ **CITY MANAGER'S REPORT:**
- ☐ **CONSENT AGENDA:**
 - A. Approval of Minutes** City Clerk
 - B. Special Event Request – Burning Foot Beer Festival at Pere Marquette Park** - Planning
 - C. Approval of a Neighborhood Enterprise Zone Certificate – 325 Terrace Point Circle** – Planning & Economic Development
 - D. Approval of a Neighborhood Enterprise Zone Certificate – 311 Terrace Point Circle** – Planning & Economic Development
 - E. Authorization of Community Housing Development Organization (CHDO) Agreements** – Community & Neighborhood Services
 - F. Approval of the Fair Housing Agreement with Muskegon Heights and Norton Shores** – Community & Neighborhood Services
 - G. CDBG Program Administration Agreement – City of Muskegon/City of Norton Shores** - Community & Neighborhood Services
 - H. Cemetery Perpetual Care Fund – CFFMC** - City Manager
 - I. LC Walker Concession Point of Sale Contract** - City Manager
 - J. Community Relations Committee Recommendation for Housing**

Commission Opening

City Clerk

☐ **PUBLIC HEARINGS:**

A. Transmittal of 2017-18 Proposed Budget – City Manager

☐ **COMMUNICATIONS:**

☐ **UNFINISHED BUSINESS:**

☐ **NEW BUSINESS:**

A. Defined Benefit Plan Amortization Extension Agreement – Finance

B. Request for Approval of a Planned Unit Development at Former Nims School – Planning & Economic Development

C. Neighborhood Empowerment Program City Manager

☐ **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 MEISCH, 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.

Memorandum

To: Mayor and Commissioners

From: Frank Peterson

Re: City Commission Meeting

Date: June 7, 2017

Here is a quick outline of the items on our agenda(s):

WORK SESSION

1. The focus will be on the 4th Quarter Reforecast and the proposed FY 2017-18 operating budget. Look for a separate memo from me regarding the budget document. Additionally, we are preparing a PowerPoint for the meeting. We do plan to also hold the budget public hearing on Tuesday.
2. LC Walker Concession Point of Sale Contract

REGULAR MEETING

1. Under the consent agenda, we are asking the Commission for approval of the following:
 - a. Last meeting's minutes.
 - b. Special event approval for the Burning Foot Beer festival. This is the third annual event, and is expected to attract thousands of visitors to the beach late in the season. There are a number of improvements this year, including more camping (including off-site camping), more shuttles to/from downtown, and improved food and entertainment. We feel that the improved camping and transportation will help with traffic/parking, and will ultimately encourage festival-goers to spend more time in the city. This is a great event, and we have receive no complaints. Event organizers will cover all city-related costs and share 10% of all camping revenues with the city.
 - c. Approval of an NEZ certificate for 325 Terrace Point Circle, which is a new home in the Terrace Point Landing Development. The certificate will reduce the new owner's taxes for a period of 12 years, as long as it remains owner-occupied.
 - d. Approval of an NEZ certificate for 311 Terrace Point Circle, which is a new home in the Terrace Point Landing Development. The certificate will reduce the new owner's taxes for a period of 12 years, as long as it remains owner-occupied.

- e. A Community Housing Development Organization Agreement with Habitat for Humanity. This agreement will assist Habitat for Humanity with its intention to build two new homes in the Nims Neighborhood.
- f. Fair Housing Agreement with Muskegon Heights and Norton Shores. This is a partnership with these two communities to jointly engage Fair Housing to study our housing market to help identify certain potential weaknesses in our housing market related to equal housing opportunities.
- g. CDBG Administration Agreements with the cities of Norton Shores and Muskegon Heights to continue to provide administration for those two cities' CDBG programming. This agreement has been in place for a number of years and seems to work for all three communities.
- h. Changes to the Cemetery Perpetual Care Fund at the Community Foundation. Changes were originally approved last month. However, after submitting the total financing package to the MEDC, we were notified that there were staff concerns that the interest payments would put too much strain the project's operation margins. I spent considerable time talking with MEDC staff to understand their concerns, and I do agree with them. The problem with redevelopment in downtown Muskegon is 100% cost-related. According to MEDC staff, most downtowns are able to move into the mixed-use redevelopment market at \$70-\$75 per square foot, and that is a reasonable cost to expect a return on investment. However, because we have very few small building that can be retro-fitted into mixed-use, and construction costs are also generally higher because of the boom in GR, we're seeing costs well-above \$200 per square foot. Accordingly, anything we can do to help get the net cost down closer to that \$70-\$75 number, will help these initial projects become viable long-term. Accordingly, they are asking that we lower our interest rate from PRIME to 3%. Incentivizing these early projects will be key in eventually attracting projects that require little/no subsidy.
- i. Purchase and implementation of a Point of Sale system at the LC Walker Arena. Our concessions stands grossed nearly \$500,000 in sales during the current fiscal year. This is done without a point of sale system, which historically has limited the arena's ability to track important functions of the concession business (e.g. inventory, peak sales times, cash-flow, vendor security, reporting, etc.). Staff would like to implement a full point of sale system for the entire arena – including all concession stands, suites, and third party vendors. We expect the end result will be a more-efficient sales process, better loss-control, better staffing during peak times, and improved sales. The initial cost of the system is estimated at \$75,000. Arena staff and consultants looked at many systems, but only one locally-operated system has the capacity to implement a network as large as the LC's system (nearly 30 point of sales). Digital Dining is deployed in a number of Western Avenue restaurants (Holiday Inn, Racquet's, Rebel Pies, Unruly, Pigeon Hill,

Boar's Belly, etc.) and a number of large regional attractions (The BOB, The Knickerbocker, and 20 Monroe Live), and the system is also present in a number of arenas and stadiums throughout the United States.

2. Under Public Hearings

- a. We will take public comments on the proposed FY 2017-18 Budget. The budget will be adopted if the commission chooses to do so at this meeting, otherwise, or if there are major changes, adoption will be deferred to the next meeting. Beth Lewis will be available to give any public in attendance a quick overview of the revenues and expenses of the city's major funds. Otherwise, everything else will be covered more in-depth at the work session Monday evening.

3. Under new business, we will be asking the Commission to approve the following:

- a. MERS amortization extension agreement. This agreement will allow us to lengthen the amortization period for each of our funds. Some are being extended to 25 years, while others are only being extended to 14 years. This is part of the multi-faceted plan to help reduce upfront costs associated with pensions, which were set to rise to unsustainable levels in the coming 3-5 years.
- b. Request and Approval of a Planned Unit Development at the former Nims School.
- c. Neighborhood Empowerment Program. We have talked about this at a previous work session. This program is designed to expand on our current neighborhood grant program and provide opportunities to neighborhoods to make certain investments in their neighborhoods related to neighbor engagement, your recreation, and beautification.

Let me know if you have any questions/comments/concerns

Date: June 7, 2017
To: Honorable Mayor and City Commissioners
From: Ann Marie Meisch, City Clerk
RE: Approval of Minutes

SUMMARY OF REQUEST: To approve minutes of the May 23, 2017 Regular City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

CITY OF MUSKEGON

CITY COMMISSION MEETING

MAY 23, 2017 @ 5:30 P.M.

**MUSKEGON CITY COMMISSION CHAMBERS
933 TERRACE STREET, MUSKEGON, MI 49440**

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, May 23, 2017. Mr. George Monroe, Evanston Avenue Baptist, opened the meeting with prayer, after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

Present: Mayor Stephen J. Gawron, Vice Mayor Hood, Commissioners Ken Johnson, Debra Warren, Willie German, Jr. (left at 7:00 p.m.), Dan Rinsema-Sybenga, and Byron Turnquist, City Manager Franklin Peterson, City Attorney John Schrier, and City Clerk Ann Meisch.

2017-42 CONSENT AGENDA:

A. Approval of Minutes City Clerk

SUMMARY OF REQUEST: To approve minutes of the May 8, 2017 Worksession Meeting and the May 9, 2017 Regular City Commission Meeting.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the minutes.

B. Polling Place Changes City Clerk

SUMMARY OF REQUEST: To change the polling location for Precinct 4 from Oakview Elementary to Muskegon Middle School, the polling location for Precinct 9 from Moon Elementary to Muskegon High School's Gym Building, and the polling location for Precinct 10 from Fire Station #4 to the Lakeshore Fitness Center.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the polling place changes.

D. Special Event Request – Amateur Radio Field Day Planning

SUMMARY OF REQUEST: The Amateur Radio Association would like to hold their Field Day event at Pere Marquette Park June 24-25, 2017. It's a national event for ham radio operators and it is an overnight event, starting at 2:00 PM on Saturday, June 24 and ending at 2:00 PM the following day. They are requesting permission for their participants to camp overnight in their RVs in the parking lot adjacent to the Coast Guard station. They expect around 8 RVs in the lot overnight. There is no alcohol involved and this is not a fundraising type of event. The purpose of the national "Field Day" event is a national contest to see how many contacts the radio operators can make in a 24-hour period.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval.

E. 2015 (Edition) International Fire Code Public Safety

SUMMARY OF REQUEST: The Director of Public Safety requests that the City Commission review and authorize the adoption of the 2015 (edition) of the International Fire Code. The new edition addresses safeguarding of life, property from fire, explosion hazards arising from the use and occupancy of buildings within the City of Muskegon. Note; City Ordinance Chapter 30, Article III, Section 30-191 will again be included with this adoption.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends adoption of the proposed 2015 edition.

G. Amendment of the Non-union Part-Time Police Officers Wage Matrix
Public Safety and Employee Relations

SUMMARY OF REQUEST: The 2017 Wage Matrix for Non-Union Part-Time and Limited Term Employees has the Police Recruit and Part-Time Police Officers in Step 7B of the wage matrix. Step 9B has the Evidence/Court Officer which is also a Part-Time MCOLES Certified Police Officer position.

The department is proposing to leave the Police Recruit in Step 7B, and remove the Evidence/Court Officer from the Matrix and replace it with an expanded range of the Part-Time Police Officer. This will provide some flexibility as to how Part-Time officers can be utilized without designating them for a specific area. The position description for Part-Time Police Officer and the Union contract specify how the part-time officers can be utilized. The department will continue to follow that guideline.

FINANCIAL IMPACT: Unbenefited MCOLES certified part-time officers save

the City in the areas of Evidence/Court Officer, Beach Patrol, Event Security, and assisting Inspections.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the request.

H. Purchase of HUD Home at 1350 Eastwood Drive Community & Neighborhood Services

SUMMARY OF REQUEST: To approve the purchase of a HUD home located at 1350 Eastwood Drive in Sheldon Park Neighborhood for the price of \$61,200.

After the sale, CNS will rehabilitate the single family dwelling as part of the HOME funded Homebuyer Program.

FINANCIAL IMPACT: The funding used for the purchase and rehabilitation will come from 2016 HOME funds.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To approve the request to purchase the property.

J. Brownfield Reimbursement Contract with CBC Community Development Strategies City Manager

SUMMARY OF REQUEST: Approve a contract with CBC Community Development Strategies to assist with the various steps in the Brownfield Redevelopment process.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval of the contract with CBC Community Development Strategies.

L. Rezoning Request for Several Properties to R-2, Single Family Medium Density Residential District Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone several properties to R-2, Single Family Medium Density Residential District.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

M. Rezoning Request for Several Properties to R-3, Single Family High Density Residential District Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone several properties to R-3, Single Family High Density Residential District.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

N. Rezoning Request for Several Properties to Urban Residential, Form Based Code Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone several properties to Form Based Code, Urban Residential.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

P. Table the findings of the Housing Board of Appeals for 1451 Park Street Public Safety

SUMMARY OF REQUEST: This is to request that that City Commission “table” the findings of the Housing Board of Appeals (HBA) relating to the structure located at 1451 Park Street. It is further requested that Public Safety Administration be directed to allow said owner (Bruce Antwan) a ninety (90) day reprieve to complete finishing work at said location. At the end of ninety (90) days if noted finish work is not final the case EN157069-1451 Park Street will be forwarded back to the Commission for concurrence with the Housing Board of Appeals.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To “table” the Housing Board of Appeals decision to demolish.

Motion by Commissioner Johnson, second by Commissioner German, to approve the consent agenda as presented, minus items C, F, I, K, and O.

ROLL VOTE: Ayes: Warren, German, Rinsema-Sybenga, Turnquist, Johnson,

Gawron, and Hood

Nays: None

MOTION PASSES

2017-43 ITEMS REMOVED FROM THE CONSENT AGENDA:

C. 2017-2018 Michigan Municipal League Membership Dues City Clerk

SUMMARY OF REQUEST: Approval to pay the 2017-2018 MML dues in the amount of \$9,763. This is an increase of \$87.

FINANCIAL IMPACT:	MML Dues	\$8,875
	Legal Defense Fund	<u>\$888</u>
	Total	\$9,763

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Approval.

Motion by Commissioner Warren, second by Commissioner Johnson to approve the payment of the 2017-18 MML Dues and Legal Defense Fund in the amount of \$9,763.00.

ROLL VOTE: Ayes: German, Rinsema-Sybenga, Turnquist, Johnson, Gawron, Hood, and Warren

Nays: None

MOTION PASSES

F. Purchase of Beach Patrol Vehicle Public Safety

SUMMARY OF REQUEST: The Director of Public Safety requests that the Commission authorize the amount of \$16,525.97 for the purchase of a 2017 Polaris Ranger Crew 1000 Beach Patrol Vehicle from Babbitt's Sports Center, a local business. This purchase will assist with patrol at the beach area and on the beach, especially if there is an emergency.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: Funds will come from the forfeiture account.

STAFF RECOMMENDATION: Staff recommends approval of this all-terrain beach vehicle.

Motion by Commissioner German, second by Commissioner Rinsema-Sybenga to approve the purchase of the all-terrain beach vehicle.

ROLL VOTE: Ayes: Rinsema-Sybenga, Turnquist, Johnson, Gawron, Hood, Warren, and German

Nays: None

MOTION PASSES

I. 2017-18 Healthcare & Wellness Program

Finance

SUMMARY OF REQUEST: It is time to renew the City's healthcare coverage for the 2017-18 plan year (6/1/17 – 5/31/18). Renewal premiums for the City's current healthcare program came in at a 3.96% increase over the current year. Last year we experienced an increase of 6.96%. In comparative terms, many employers have been experiencing sharp double-digit rate increases for several years. Also, the City's healthcare costs remain below the "hard cap limits" set by PA 152 and remain cost competitive with the standards set by the state for new hires. These are good independent indicators that the City's program is cost-effective.

Starting June 1, 2017, the deductible will be increased from \$2,500 for an individual and \$5,000 for double/family to \$4,000 for an individual and \$8,000 for double/family. In addition, the prescription drug coverage will change from a \$10/\$40 copay to a five tier copay of \$10/\$40/\$80/20% (\$100 max)/20% (\$200 max) effective June 1, 2017.

For 2017-18, the City will continue to pay the HRA deductible if the employee and spouse completed the wellness requirements by March 31st; non-participants in the wellness program will be required to pay the first \$1,000 (single)/\$2,000 (double/family) of the deductible.

Dental benefits will no longer be administered through Priority Health, but they will now be through Delta Dental.

FINANCIAL IMPACT: The following is an estimate of gross premium costs for the Priority Health HMO program compared with the current healthcare plan year.

	2017-18			2016-17		
	Single	Double	Family	Single	Double	Family
Monthly Premium	\$ 515.13	\$ 1,159.04	\$ 1,390.85	\$ 495.51	\$ 1,114.90	\$ 1,337.88
Rate Change	3.96%	3.96%	3.96%	6.96%	6.96%	6.96%
Annual Premium	6,181.56	13,908.48	16,690.20	5,946.12	13,378.80	16,054.56
Current # Employees	36	47	113	36	47	113
Total Annual Premium	222,536.16	653,698.56	\$ 1,885,992.60	214,060.32	628,803.60	\$ 1,814,165.28
		2,762,227.32			2,657,029.20	
Add: HRA Deductibles Paid by City		300,000.00			300,000.00	
Less: 10% Employee Premium Copays		(276,222.73)			(265,702.92)	
Equals: Employer Cost		\$2,786,004.59			\$2,691,326.28	
	2017 PA 152 Hard Cap Limits			2016 PA 152 Hard Cap Limits		
	\$ 6,344.80	\$ 13,268.93	\$ 17,304.02	\$ 6,142.11	\$ 12,845.04	\$ 16,751.23
	228,412.80	623,639.71	1,955,354.26	221,115.96	603,716.88	1,892,888.99
		\$2,807,406.77			\$2,717,721.83	

Full-time City employees pay 10% of the above premium costs through payroll

decution.

BUDGET ACTION REQUIRED: Employee and retiree healthcare costs will be included in the forthcoming 2017-18 budget.

STAFF RECOMMENDATION: Authorize staff to execute documents with Priority Health to renew employee healthcare coverage for the coming year.

Motion by Commissioner Warren, second by Commissioner Rinsema-Sybenga to authorize staff to execute documents with Priority Health to renew employee healthcare coverage for the coming year.

ROLL VOTE: Ayes: Turnquist, Johnson, Gawron, Hood, Warren, German, and Rinsema-Sybenga

Nays: None

MOTION PASSES

K. Rezoning Request for 311, 317, 329, 331, and 335 W. Muskegon Avenue and 1138 4th Street Planning & Economic Development

SUMMARY OF REQUEST: Staff initiated request to rezone 311, 317, 329, 331 and 335 W Muskegon Avenue and 1138 4th Street from RT, Two Family Residential District to Form Based Code, Urban Residential.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval of the rezoning.

COMMITTEE RECOMMENDATION: The Planning Commission unanimously recommended approval of the request at their May 11 meeting, with one member absent.

Motion by Commissioner German, second by Commissioner Rinsema-Sybenga to approve the rezoning.

ROLL VOTE: Ayes: Johnson, Gawron, Hood, Warren, German, Rinsema-Sybenga, and Turnquist

Nays: None

MOTION PASSES

O. Finance Director Position City Manager

SUMMARY OF REQUEST: Derrick Smith has accepted employment outside of the City of Muskegon, effective June 2, 2017. This request is to appoint Assistant Finance Director, Beth Lewis, as Finance Director effective June 2, 2017.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends Beth Lewis be appointed Finance Director. Beth has been the City's Assistant Finance Director for 19 years.

Motion by Commissioner German, second by Commissioner Johnson to appoint Beth Lewis to the position of Finance Director effective June 2, 2017.

ROLL VOTE: Ayes: Gawron, Hood, Warren, German, Rinsema-Sybenga, Turnquist, and Johnson

Nays: None

MOTION PASSES

2017-44 NEW BUSINESS:

A. Concurrence with the Housing Board of Appeals Notice and Order to Demolish Public Safety

288 Jackson Avenue

961 Amity Avenue

240 Monroe Avenue

1342 6th Street

398 Monroe Avenue

1670 Park Street

763 Catawba Avenue

2020 Lakeshore Drive

810 Allen Avenue

SUMMARY OF REQUEST: This is to request that the City Commission concur with the findings of the Housing Board of Appeals that the structures are unsafe, substandard, a public nuisance and that they be demolished within thirty (30) days or infraction tickets may be issued. It is further requested that administration be directed to obtain bids for the demolition of the structures and that the Mayor and City Clerk be authorized and directed to execute contracts for demolition with the lowest responsible bidder or staff may issue infraction tickets to the owner, agent or responsible party if they do not demolish the structure.

STAFF RECOMMENDATION: To concur with the Housing Board of Appeals decision to demolish.

398 Monroe, 763 Catawba, 810 Allen, 1342 6th Street, & 2020 Lakeshore

Motion by Commissioner Turnquist, second by Commissioner Rinsema-Sybenga to concur with the Housing Board of Appeals notice and order to demolish 398 Monroe Avenue, 763 Catawba Avenue, 810 Allen Avenue, 1342 6th Street, and 2020 Lakeshore Drive.

ROLL VOTE: Ayes: Hood, Warren, German, Rinsema-Sybenga, Turnquist, Johnson, and Gawron

Nays: None

MOTION PASSES

288 Jackson

Motion by Commissioner Rinsema-Sybenga, second by Commissioner German to concur with the Housing Board of Appeals notice and order to demolish 288 Jackson Avenue.

ROLL VOTE: Ayes: Warren, German, Rinsema-Sybenga, Turnquist, Johnson, Gawron, and Hood

Nays: None

MOTION PASSES

240 Monroe

Motion by Commissioner German, second by Commissioner Warren to concur with the Housing Board of Appeals notice and order to demolish 240 Monroe Avenue.

ROLL VOTE: Ayes: German, Rinsema-Sybenga, Turnquist, Johnson, Gawron, Hood, and Warren

Nays: None

MOTION PASSES

961 Amity

Motion by Vice Mayor Hood, second by Commissioner Rinsema-Sybenga to concur with the Housing Board of Appeals notice and order to demolish 961 Amity Avenue.

ROLL VOTE: Ayes: Rinsema-Sybenga, Turnquist, Johnson, Gawron, Hood, Warren, and German

Nays: None

MOTION PASSES

1670 Park Street

Motion by Commissioner Rinsema-Sybenga, second by Commissioner Warren to concur with the Housing Board of Appeals notice and order to demolish 1670 Park Street.

ROLL VOTE: Ayes: Turnquist, Johnson, Gawron, Hood, Warren, German, and Rinsema-Sybenga

Nays: None

MOTION PASSES

B. Cemetery Perpetual Care Fund-CFFMC

City Manager

SUMMARY OF REQUEST: The City Commission recently approved a \$500,000 loan for the development of a six-story mixed-use building at 351 West Western

Avenue. The loan proceeds were originally to be paid from one of the city's economic development funds. Rather than utilizing these economic development funds, City staff is seeking to unlock the power of its Cemetery Perpetual Care Endowment Fund at the Community Foundation for Muskegon County by investing the fund's assets in this secured, interest bearing loan. The loan would support a downtown Muskegon development project whose goals are to reestablish downtown residential living and increase the presence of commercial and retail businesses in the downtown area.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To authorize the Community Foundation for Muskegon County to invest \$500,000 from the City of Muskegon Cemetery Perpetual Care Fund in 351 W. Western Avenue, LLC, as a piece of the financing for a six-story residential, commercial and retail development on terms that are as follows:

The return to the Cemetery Perpetual Care Endowment Fund will be interest at the prime rate, adjusted annually. Years 1– 5, monthly payments will consist of interest only. Beginning in Year 6, monthly payments will consist of principle and interest (at prime), based on 25 year amortization. A balloon payment will be due at year 15. The loan will be secured by a subordinated mortgage on the development.

Motion by Commissioner Johnson, second by Vice Mayor Hood to authorize the Community Foundation for Muskegon County to invest \$500,000 from the City of Muskegon Cemetery Perpetual Care Fund in 351 W. Western Avenue, LLC, as a piece of the financing for a six-story residential, commercial and retail development.

ROLL VOTE: Ayes: Johnson, Gawron, Hood, Warren, German, Rinsema-Sybenga, and Turnquist.

Nays: None

MOTION PASSES

C. Approval of a Neighborhood Enterprise Zone Certificate – 351 W. Western, LLC Planning & Economic Development

SUMMARY OF REQUEST: An application for a Neighborhood Enterprise Zone Certificate has been received from 351 W. Western, LLC for the construction of 20 market-rate apartments as part of a mixed-use development project. The estimated project cost is \$210,000 per unit. The property was approved as a Neighborhood Enterprise Zone District on May 9, 2017. The applicant has met local and state requirements for the issuance of the NEZ certificate. They have requested the maximum 15 years for the exemption.

FINANCIAL IMPACT: One-half of the previous year's state average principal residence millage rate will be applied to the value of the facility for a duration of 15 years, with a three-year phase out (they will receive 75% of the abatement in year 13, 50% in year 14, and 25% in year 15).

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the NEZ certificate for 15 years.

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood to approve the NEZ certificate for 15 years for 351 W. Western, LLC.

ROLL VOTE: Ayes: Gawron, Hood, Warren, Rinsema-Sybenga, Turnquist, and Johnson

Nays: None

Absent: German

MOTION PASSES

D. Third Quarter 2016-17 Budget Reforecast Finance

SUMMARY OF REQUEST: At this time staff is transmitting the ***Third Quarter 2016-17 Budget Reforecast*** which outlines proposed changes to the budget that have come about as result of changes in revenue projections, policy priorities, labor contracts, updated economic conditions, or other factors.

FINANCIAL IMPACT: A summary of third quarter proposed adjustments to the budget are as follows:

- General Fund revenues are reforecast to be \$141,131 higher than the second quarter budget reforecast, largely due to higher projected building permit revenues.
- General Fund expenditures are reforecast to be \$256,602 lower than the second quarter budget reforecast.
- There was further refinement of the capital projects budget resulting in an overall net decrease of \$5,294,963 from the second quarter budget reforecast due to the removal or reduction of a number of projects.

BUDGET ACTION REQUIRED: City Commission approval of this reforecast will formally amend the City's 2016-17 budget.

STAFF RECOMMENDATION: Approval.

Motion by Vice Mayor Hood, second by Commissioner Warren to approve the 2016-17 Budget Reforecast.

ROLL VOTE: Ayes: Hood, Warren, Rinsema-Sybenga, Turnquist, Johnson, and Gawron

Nays: None

Absent: German

E. Request for Authorization to Sign Planning & Economic Development

SUMMARY OF REQUEST: Request to authorize Mike Franzak from the Planning Department to sign purchase agreements and closing documents for the Midtown Square Homes.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval to authorize.

Motion by Commissioner Rinsema-Sybenga, second by Vice Mayor Hood to authorize Mike Franzak from the Planning Department to sign purchase agreements and closing documents for the Midtown Square Homes.

ROLL VOTE: Ayes: Warren, Rinsema-Sybenga, Turnquist, Johnson, Gawron, and Hood

Nays: None

Absent: German

PUBLIC PARTICIPATION: No public comments were received.

ADJOURNMENT: The City Commission meeting adjourned at 7:20 p.m.

Respectfully Submitted,

Ann Marie Meisch, Clerk

CITY COMMISSION MEETING DATE

June 13, 2017

Date: May 24, 2017

To: Honorable Mayor and City Commissioners

From: Mike Franzak, Planning Manager

**Re: Special Event Request – Burning Foot Beer Festival
@ Pere Marquette Park**

SUMMARY OF REQUEST: The Lakeshore Brewer's Guild is holding their 3rd annual "Burning Foot Beer Festival" event at Pere Marquette Park on August 26, 2017. City Commission approval is required due to the request allow overnight camping at the beach.

Overnight camping proposal: Tent camping is proposed on the beach to the south of the festival area. RV camping is proposed in the grassy area of Margaret Drake Elliott Park adjacent to the parking lot near the Coast Guard station. Camping areas will open at 9:00 AM on Saturday, August 26 and be cleared out by 11:00 AM on Sunday, August 27. All camping areas will be monitored by festival personnel. A site plan is attached showing the proposed camping areas. Burning Foot personnel will obtain the necessary Health Department/DEQ permits.

FINANCIAL IMPACT: None

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: Staff recommends approval

COMMITTEE RECOMMENDATION: N/A

BURNING FOOT BEER FESTIVAL – PROPOSED CAMPING AREAS



Commission Meeting Date: June 13, 2017

Date: June 8, 2017
To: Honorable Mayor and City Commissioners
From: Planning & Economic Development
RE: Approval of a Neighborhood Enterprise Zone Certificate - 325 Terrace Point Circle

SUMMARY OF REQUEST:

An application for a Neighborhood Enterprise Zone (NEZ) certificate has been received from Eric and Michelle Ringelberg for the new construction of a home at 325 Terrace Point Circle. This unit has already been constructed and the State Tax Commission allows applicants to apply for a certificate up to six (6) months after construction commences. Construction started in February with an estimated cost of \$320,112. The applicant has met local and state requirements for the issuance of the NEZ certificate.

FINANCIAL IMPACT:

Taxation will be 50% of the State average of new homes for the next 12 years.

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Approval of the NEZ certificate.

COMMITTEE RECOMMENDATION:

None

Resolution No. _____

MUSKEGON CITY COMMISSION

**RESOLUTION TO APPROVE THE ISSUANCE
OF A NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE**

WHEREAS, an application for a Neighborhood Enterprise Zone Certificate has been filed with the City Clerk by Eric and Michelle Ringelberg to construct a new home at 325 Terrace Point Circle in the Terrace Point Condominium neighborhood, and;

WHEREAS, the applicant has satisfied both the local and state eligibility criteria for a Neighborhood Enterprise Zone Certificate;

WHEREAS, the local unit of government is allowing the six (6) month grace period after construction commencement to apply, which is allowed under the law;

WHEREAS, the Neighborhood Enterprise Zone Certificate will be in effect for twelve (12) years;

NOW, THEREFORE, BE IT RESOLVED that the application for a Neighborhood Enterprise Zone Certificate for the new construction of a home by Eric and Michelle Ringelberg be approved.

Adopted this 13th day of June, 2017.

Ayes:

Nays:

Absent:

By: _____
Stephen J. Gawron, Mayor

Attest: _____
Ann Meisch
City Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the City Commission of the City of Muskegon, County of Muskegon, Michigan at a regular meeting held on June 13, 2017.

By: _____

Ann Meisch
City Clerk

Commission Meeting Date: June 13, 2017

Date: June 8, 2017
To: Honorable Mayor and City Commissioners
From: Planning & Economic Development
RE: Approval of a Neighborhood Enterprise Zone Certificate - 311 Terrace Point Circle

SUMMARY OF REQUEST:

An application for a Neighborhood Enterprise Zone (NEZ) certificate has been received from Steve and Lori Videto for the new construction of a home at 311 Terrace Point Circle. This unit has already been constructed and the State Tax Commission allows applicants to apply for a certificate up to six (6) months after construction commences. Construction started in February with an estimated cost of \$314,072. The applicant has met local and state requirements for the issuance of the NEZ certificate.

FINANCIAL IMPACT:

Taxation will be 50% of the State average of new homes for the next 12 years.

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Approval of the NEZ certificate.

COMMITTEE RECOMMENDATION:

None

Resolution No. _____

MUSKEGON CITY COMMISSION

**RESOLUTION TO APPROVE THE ISSUANCE
OF A NEIGHBORHOOD ENTERPRISE ZONE CERTIFICATE**

WHEREAS, an application for a Neighborhood Enterprise Zone Certificate has been filed with the City Clerk by Steve and Lori Videto to construct a new home at 311 Terrace Point Circle in the Terrace Point Condominium neighborhood, and;

WHEREAS, the applicant has satisfied both the local and state eligibility criteria for a Neighborhood Enterprise Zone Certificate;

WHEREAS, the local unit of government is allowing the six (6) month grace period after construction commencement to apply, which is allowed under the law;

WHEREAS, the Neighborhood Enterprise Zone Certificate will be in effect for twelve (12) years;

NOW, THEREFORE, BE IT RESOLVED that the application for a Neighborhood Enterprise Zone Certificate for the new construction of a home by Steve and Lori Videto be approved.

Adopted this 13th day of June, 2017.

Ayes:

Nays:

Absent:

By: _____
Stephen J. Gawron, Mayor

Attest: _____
Ann Meisch
City Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the City Commission of the City of Muskegon, County of Muskegon, Michigan at a regular meeting held on June 13, 2017.

By: _____
Ann Meisch
City Clerk

Commission Meeting Date: June 13, 2017

Date: June 6, 2017

To: Honorable Mayor & City Commission

**From: Community and Neighborhood Services
Department**

**RE: Authorization of Community Housing
Development Organization (CHDO) Agreements**

SUMMARY OF REQUEST: To direct the Mayor and City Clerk to sign the approved agreement for the City's CHDO reserve and operating funds, for Muskegon County Habitat for Humanity. The Muskegon County Habitat for Humanity, has proposed to build (2) three-bedroom, single-family homes in the Nims Neighborhood (1166 W. Grand and 1670 Ruddiman). The total budget for this project is \$229,065. Muskegon County Habitat for Humanity has requested **\$79,900**, in HOME funds to assist in the completion of these homes, as well as continuing the partnership between the City and Habitat in providing decent affordable homes within the City of Muskegon.

After the Mayor and Clerk sign the contracts, the CNS office will retain one copy of our files and a copy will be supplied to Muskegon County Habitat for Humanity for their records.

FINANCIAL IMPACT: Funding will be allocated from the 2016 HOME program.

BUDGET ACTION REQUIRED: The City Commission made budgeting allocation decision last year.

STAFF RECOMMENDATION: To direct Mayor and Clerk to sign agreements.

COMMITTEE RECOMMENDATION: Citizen District Council approved

**AGREEMENT
BETWEEN THE CITY OF MUSKEGON
AND
MUSKEGON COUNTY HABITAT FOR HUMANITY
(SCOPE FOR PROGRAM)**

THIS AGREEMENT, entered into this 13th day of June, 2017, by and between the City of Muskegon, Michigan, a municipal corporation, (hereinafter referred to as the "City"), and Muskegon County Habitat for Humanity, a Community Housing Development Organization (hereinafter referred to as the CHDO)

WITNESSETH;

WHEREAS, the City is the recipient of a HOME Investment Partnership Grant from the U.S. Department of Housing and Urban Development ("HUD") pursuant to Title II of the National Affordable Housing Act of 1990 ("Home Program"); and

WHEREAS, under the provisions of the Act, the City is required to set-aside at least 15% of its HOME Grant allocation to organizations that meet the requirements for Community Housing Development Organizations ("CHDOs"), as specified by the HOME Program, which own, develop or sponsor housing projects and programs for families at or below 80% of the area median income; and

WHEREAS, the CHDO has met the requirements established by the federal government and has been certified as a CHDO by the City, pursuant to the National Affordable Housing Act.

NOW, THEREFORE, the parties mutually agree as follows:

SECTION 1: REFERENCES

- A. **"Application"** refers to the CHDO's application to the City for funding under the HOME Investment Partnership Program; contained in Attachment A.
- B. **"HOME"** refers to HOME Investment Partnerships Program as described in Section 92.1 of the HOME Investment Partnerships Program, 24 CFR 92 dated April 19, 1994.
- C. **"CFR"** refers to the Code of Federal Regulations.
- D. **"City"** as hereinafter set forth, refers to the City of Muskegon.

- E. **"HUD"** refers to the United States Department of Housing and Urban Development.
- F. **"MBE"** refers to a Minority Business Enterprise, which is a business at least fifty-one percent (51%) owned and controlled by racial minority group members.
- G. **"OMB"** refers to the Office of Management and Budget of the United States Government.
- H. **"Program Income"** means gross income received by the CHDO which is directly generated from the use of HOME funds, as defined in 24 CFR 92. When such income is generated by an activity that is only partially assisted with HOME funds, the income shall be prorated to reflect the percentage of HOME funds used.
- I. **"Resolution"** refers to the resolution dated May 24, 2016, by the City Commission of the City of Muskegon authorizing execution of this Agreement and payment of HOME funds to the CHDO.
- J. **"CHDO"** refers to Community Housing Development Organization.
- K. **"CHDO"** refers to Muskegon County Habitat for Humanity, a Michigan nonprofit corporation that has been certified as a Community Housing Development Organization (CHDO).
- L. **"WBE"** refers to a Women's Business Enterprise, which is a business at least fifty-one percent (51%) owned and controlled by women.

SECTION 2: CONTRACT DOCUMENTS

The contract documents consist of this Agreement, an Application for HOME funding contained in Attachment A, a Program Budget contained in Attachment B, Certification of Legal Authority contained in Attachment C, Certification to Comply with All Applicable Federal Regulations contained in Attachment D, and the Amendment Pertaining to the Use of HOME Funds by Sectarian Organizations contained in Attachment E, the HOME Investment Partnerships Program Certification contained in Attachment F, and HOME Investment Partnerships Program Descriptions and Guidelines contained in Attachment G.

The information contained in Attachments A, B, C, D, E, F, and G as stated and incorporated by reference shall be considered fully a part of this Agreement, and shall be fully binding upon the City and the CHDO for purposes of this Agreement.

SECTION 3: AMOUNT AND SOURCES OF FUNDS

A grant of \$79,900 (Seventy-Nine Thousand Nine Dollars), from the City's Fiscal Year 2016-2017 HOME entitlement allocation is awarded to the CHDO for the rehabilitation and new

construction of rental properties or owner occupied properties, which will provide affordable housing and organizational support, subject to the terms and conditions of this Agreement, as more fully described in Attachment A and B.

In the event that HUD determines that the City or CHDO have not fulfilled their obligation under the HOME Grant requirements or the City determines that the CHDO has not fulfilled its obligation under the HOME Grant requirements and/or HUD or the City demands reimbursement of expenses paid under this Agreement, the CHDO shall provide said reimbursement from non-federal sources within ten days of said notice from City. The CHDO further acknowledges that this Agreement is necessary to comply with the requirements of 24 CFR Part 92 - Home Investment Partnerships program, which is the source of funds provided under this Agreement; and agrees that it will comply with, and will require all subcontractors, subgrantees and assigns to comply with all terms and conditions of said 24 CFR Part 92 and this Agreement, as they may be amended from time to time. It shall be the CHDO's responsibility to insure that it has the latest version of all applicable laws and regulations in its possession so as to be able to comply with their provisions.

SECTION 4: SCOPE OF SERVICES

A. ACTIVITIES (PROGRAM DELIVERY)

CHDO will sponsor the acquisition and rehabilitation of affordable housing units in accordance with the requirements of 24 CFR Part 92, in particular 24 CFR 92.208 and 24 CFR 92.300. Purchasers of the units rehabilitated with HOME funds may also receive down payment assistance in the form of a deferred second mortgage for the amount of assistance provided subject to the affordability periods of 24 CFR 92.254(a)(4) and 24 CFR 92.254(5).

B. LEVELS OF ACCOMPLISHMENT/PERFORMANCE GOALS

These activities will help to increase the number of decent, safe and sanitary affordable housing units in the City of Muskegon.

C. PERFORMANCE SCHEDULE

At the end of the contract period, the inventory of affordable housing units available for purchase by income-eligible potential homebuyers will have been increased.

D. PROGRAM REQUIREMENTS

The CHDO shall comply with all requirements of 24 CFR Part 92 Subpart F pertaining to affordable housing including, but not limited to, the following:

The CHDO further agrees to the audit requirements in Section 5(M) of this Agreement.

SECTION 5: ADMINISTRATIVE REQUIREMENTS

A. EXPENDITURE OF FUNDS

The CHDO will expend funds in strict accordance with the purposes described in the application contained in Attachment A, and in strict accordance with the provisions of 24 CFR Part 92 of the HOME Investment Partnerships Program, as amended. The CHDO agrees to utilize the federal funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. COMPLIANCE WITH ALL APPLICABLE FEDERAL REGULATIONS

The CHDO agrees to comply with all provisions of 24 CFR Part 92 of the HOME Investment Partnerships Program, as amended and all federal regulations and policies issued pursuant to these regulations. All applicable regulations whether stated herein or incorporated by reference, are hereby made wholly a part of this Agreement and shall be binding on the CHDO.

C. FINANCIAL MANAGEMENT

1. The CHDO agrees to comply with Attachment F of OMB Circular A-110 and agrees to adhere to the accounting principles and procedures required therein. The CHDO further agrees to utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.
2. The CHDO shall administer its program in conformance with OMB Circular A-122, "Cost Principles for Non-Profit Organizations" for all costs incurred whether charged on a direct or indirect basis.

D. PROCUREMENT PROCEDURE

1. In the procurement of materials, supplies and services necessary to perform the scope of services under this Agreement, the CHDO shall, insofar as practical, seek price quotations from at least three providers. Award shall be made to the provider offering the lowest acceptable quotation. The CHDO shall duly record the date and amount of such quotations and retain these records in its files.
2. The CHDO shall comply with current City policy concerning the purchase of equipment and supplies and shall maintain an inventory of all non-expendable personal property as defined in Section 5F of this Agreement.

3. The CHDO shall procure materials in accordance with the requirements of Attachment O of OMB Circular A-110, Procurement Standards.

E. PROGRAM INCOME

1. The CHDO shall report all program income as defined at 24 CFR 92.2 generated by activities carried out with HOME funds made available under this Agreement, in accordance with the monthly reporting procedures set forth in Section 5I of this Agreement.
2. All program income shall be returned to City as soon as possible.
3. Any program funds which are not used by the CHDO by the end of the fiscal year shall be returned to City.
4. Under no circumstances shall interest be earned on HOME funds or HOME program income under this Agreement. Any interest earned on HOME funds or HOME program income must be remitted promptly to the City.

F. PROGRAM PROPERTY

1. Title to all equipment acquired with funds made available through this Agreement shall remain vested in the City for the term reflected in OMB Circular A-122. The CHDO shall annually submit to the City an inventory of all such equipment in its custody.
2. The CHDO shall maintain real property inventory records which clearly identify properties purchased, improved, or sold using funds received under this Agreement, if applicable. Properties retained shall continue to meet eligibility criteria and shall conform with the "changes in use" restrictions specified in 24 CFR 92.207(a)(4).
3. The CHDO shall comply with OMB Circular A-110, Attachment N, Property Management Standards, regarding the utilization and disposal of property.

G. DOCUMENTATION AND RECORDKEEPING

1. The CHDO will collect and have on file records which demonstrate that the CHDO has complied with all regulations, laws, and requirements governing the use of HOME funds. The CHDO shall maintain all records required by the federal regulations specified in 24 CFR 92.508, and that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- a. Records providing a full description of each activity undertaken with HOME funds;
- b. Records demonstrating that each activity undertaken meets one of the National Objectives of the HOME program;
- c. Records required to determine the eligibility of activities;
- d. Records required to document the acquisition, improvement, use, or disposition of real property acquired or improved with HOME assistance (if applicable);
- e. Records that demonstrate that each project meets the property standards in 24 CFR 92.251.
- f. Records that demonstrate that each rental housing project meets the requirements of 24 CFR 92.252 for the required period of affordability. Records must be kept for each family assisted.
- g. Records that demonstrate compliance with the requirements of 92.253 for tenant and participant protection.
- h. Records that demonstrate compliance with the requirements in 24 CFR 92.254 for affordable housing: homeownership, including the initial purchase price and appraised value (after rehabilitation, if required) of the property. Records must be kept for each family assisted.
- i. Records that indicate whether the project is mixed-income, mixed-use, or both, in accordance with 24 CFR 92.255 and/or 24 CFR 92.256.
- j. Records documenting compliance with the fair housing and equal opportunity components of 24 CFR 92.508 (5)(i);
- k. Records indicating the affirmative marketing procedures and requirements under 24 CFR 92.351.
- l. Records demonstrating compliance with requirements regarding displacement, relocation, and real property acquisition, as outlined in 24 CFR 92.508 (5)(iv).
- m. Records demonstrating compliance with labor requirements, including contract provisions and payroll records; records concerning lead-based paint; records demonstrating compliance with flood insurance requirements; other records required under 24 CFR 92.508 (5).

- n. Financial records as required by 24 CFR 92.508, and OMB Circular A-110; and
 - o. Other records necessary to document compliance with 24 CFR 92.508.
- 2. The CHDO shall maintain records that adequately identify the source and application of HOME funds received under this Agreement. These records shall contain information pertaining to fund obligations, unobligated balances, assets, liabilities, outlays, and income, if any. If HOME funds are used to pay wages and salaries, payroll disbursements shall be supported by time records.
 - 3. The CHDO will comply with any additional documentation requirements of subsequent agreements between the City and the U.S. Department of Housing and Urban Development for the conduct of activities under the HOME Investment Partnership Program.

H. ACCESS TO RECORDS

- 1. The CHDO will make available files and records of activities related to this Agreement to representatives of the City and its designees, the City's Independent Auditor, and officials of the U. S. Department of Housing and Urban Development.
- 2. The City, the Federal grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the CHDO which are directly pertinent to this specific Agreement, for the purpose of making audit, examination, excerpts and transcriptions.

I. RECORDS RETENTION

- 1. The CHDO shall retain all records pertaining to this Agreement, including but not limited to financial, statistical, property and programmatic records, for a period of five (5) years after the Agreement expires or is terminated. All records, however that are subject to audit findings shall be retained for three (3) years in the manner prescribed above or until an ongoing audit is completed and all issues raised by the audit are resolved, whichever is later. Records for non-expendable property acquired with funds under this contract shall be retained for three (3) years after final disposition of such property.
- 2. The CHDO shall retain all records covering displacements and acquisition for a period of five (5) years after the date by which all persons displaced from the

property and all persons whose property is acquired for the project have received the final payment of benefits under this Agreement. Records regarding project requirements that apply for the duration of the period of affordability, as well as the written agreement and inspection and monitoring reports must be retained for three (3) years after the required period of affordability specified in 24 CFR 92.252 and/or 92.254. as applicable.

Nothing herein shall be construed to allow destruction of records that may be required to be retained longer by federal, state or local law. These records must also be made available to HUD and/or representatives of the Comptroller General of the United States for audit, inspection or copying purposes during normal business hours as defined in Section 5I of this agreement.

J. REPORTING REQUIREMENTS

1. The CHDO shall submit quarterly reports summarizing program activities according to 24 CFR 92, including the following:
 - a. A narrative progress report on grant activities based upon the Performance Goals and Schedule set forth in Sections 4B and 4C of this Agreement,
 - b. A budget report accounting for the expenditure and obligation of grant funds according to the Budget in Attachment B,
 - c. A report of program income received (if applicable), and the uses of the income during the reporting period,
 - d. A record of program beneficiaries according to HUD beneficiary categories as defined in Section 5J of this Agreement, and
 - e. Copies of minutes or resolutions from meetings held by the CHDO's Board of Directors documenting action taken related to this Agreement or HOME funded programs.
2. From time to time, the City may request additional reports from the CHDO to comply with HOME Investment Partnerships program requirements. The City shall request this information in writing and provide adequate notice to the CHDO to comply with any additional reporting requirements.

K. CLIENT DATA AND DISCLOSURE PROHIBITIONS

1. The CHDO shall maintain client data by HUD designated beneficiary categories to demonstrate client eligibility for services provided. Such data shall include, but not be limited to, accurate individual detailed records of: 1) each property, including acquisition and/or construction or renovation, or direct assistance

funded through the HOME Program; 2) each home purchaser including client name, address, income level, household size and composition, and physical or mental disability status, if any.

2. The CHDO shall also maintain a record of the services provided to each client and the basis of the client's eligibility for HOME assistance under this Agreement.
3. Client data shall be reported to the City based on the total number of clients served per beneficiary category. Individual client data need not be included in the CHDO's reports to the City; however, this information shall be made available to City staff, program auditors, or HUD representatives upon request.
4. The CHDO understands that client information collected under this Agreement is private and the use or disclosure of such information, when not directly connected with the administration of the CHDO's responsibilities under this Agreement is strictly prohibited unless written consent is obtained from the client, or in the case of a minor, from the responsible parent or guardian.

L. INSURANCE AND BONDING REQUIREMENTS

1. Prior to requesting payment under this Agreement, the CHDO will submit to the City a Certificate of Insurance certifying that for the period covered by this Agreement, the CHDO carries:
 - a. Worker's compensation insurance including Employer's Liability Coverage in accordance with all applicable statutes of the State of Michigan.
 - b. General Liability insurance, including a Broad Form General Liability Endorsement or equivalent, with minimum aggregate limits of \$500,000 to protect the CHDO against claims for damage to property of others or for injury to or death of one or more than one person due to accidents which may occur or result from the CHDO's performance under this Agreement.
 - c. Motor vehicle liability insurance including Michigan No-Fault Coverage, with limits of liability not less than \$100,000 per occurrence for personal injury and for property damage. Coverage shall include all owned vehicles, all non-owned vehicles, and all hired vehicles.
 - d. Any and all additional insurance required by the laws of the State of Michigan.
 - e. Any and all insurance required by Attachment B of OMB Circular A-110, Bonding and Insurance.

2. The insurance certificates required under this Agreement shall name the City as an additional insured party and shall obligate the insurer to provide a defense against all claims brought against the City by virtue of this Agreement. Documentation shall include evidence of coverage as it applies to the specific delivery of services as outlined by the Agreement herein. The certificate shall provide that they cannot be canceled or modified without fifteen (15) days advance written notice to the City by the insurance company.
3. Should the insurer as required by Section 5L of this Agreement refuse to provide the City with a defense as provided for in Section 5L then the CHDO at its own expense shall provide the City with a defense.
4. The CHDO shall purchase a blanket fidelity bond for all employees or persons responsible for handling funds received under this Agreement. The CHDO shall provide proof of bonding insurance to the City prior to the execution of this Agreement. The CHDO shall notify the City in the event such bonding is terminated, no later than 15 days prior to the date of termination. It is agreed that in the event of such cancellation, no further payments will be issued until bonding is resumed.
5. The CHDO shall also certify that any subcontractors or CHDOs of funds under this Agreement meet the insurance requirements as provided in this Section.

M. AUDIT REQUIREMENTS

1. In instances when the CHDO receives in excess of Twenty-Five Thousand Dollars (\$25,000) of Federal financial assistance during a single fiscal year, the CHDO shall, at its own expense, obtain and submit to the City within three (3) months of the end of the CHDO's fiscal year an annual audit to assure proper accounting for the expenditure of HOME funds provided by the City. The audit shall be done in accordance with the standards set forth in OMB Circular A-133, Audits of Institutions of Higher Education and Nonprofits, and shall test the fiscal integrity of financial transactions, the effectiveness of financial management systems and the internal control systems, as well as compliance with the terms and conditions of this Agreement.
2. Any deficiencies noted in audit reports must be fully cleared by the CHDO within thirty (30) days after receipt of the audit report by the CHDO. Failure of the CHDO to comply with the above audit requirements will constitute a violation of this contract and may result in the City banning the CHDO from future participation in HOME programs.

N. CITY PERFORMANCE MONITORING REQUIREMENTS

1. The City will periodically monitor the CHDO's performance against the goals and performance standards required herein. The City will issue a written monitoring report to the CHDO within 30 days of the monitoring review.
2. Substandard performance as determined by the City will constitute non-compliance with this Agreement. Any findings and concerns identified in the City's monitoring report to the CHDO must be addressed within the time frame established by the City, which shall be no less than ten (10) working days from the date of the monitoring report. If action to correct such substandard performance is not taken by the CHDO within the time allowed by the City, contract suspension or termination procedures will be initiated.
3. The City reserves the right to monitor any or all of the CHDO's activities under this Agreement at any time, to assure that the HOME grant funds paid to the CHDO are being used according to the provisions of this Agreement.
4. The City shall notify the CHDO in writing not less than ten (10) working days in advance of any program monitoring review.

O. NONPROFIT 501(c)(3) STATUS

The CHDO shall be a bona fide private nonprofit corporation, registered with the State of Michigan Secretary of State, which meets the qualifications established in Section 501(c) of the Internal Revenue Code of 1988 and is exempt from taxation under Subtitle A of the Internal Revenue Code.

P. IDENTIFICATION OF BOARD OF DIRECTORS

The CHDO, so long as it shall remain eligible to receive HOME funds, shall file with the City Clerk of the City of Muskegon, a current listing of its officers and directors (trustees), including the addresses of such persons. Any changes in the membership of the CHDO's Board of Directors shall also be reported to the Director of Community and Neighborhood Services of the City of Muskegon.

The CHDO shall maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations and provide a formal process for low-income, program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing, as defined in 24 CFR 92.2.

SECTION 6: DISBURSEMENT OF FUNDS

- A. All HOME funds will be expended in accordance with the attached Budget contained in Attachment B. Requests for budget revisions are subject to the review of the City. In no case shall reimbursement of specific line items exceed budget amounts without prior written City approval. In the event that budgeted amounts exceed actual costs, excess funds may be reclaimed by the City to be used for other eligible activities under the HOME Investment Partnerships Program.
- B. When the administrative requirements of this Agreement are met by the CHDO, payments will be made according to the following procedure:
 - 1. Payments of HOME funds shall be made upon presentation of proper invoices together with paid receipts, time sheets, and copies of checks for costs reflected in requests for payment. Requests for payment should be itemized according to the budget in Attachment B.
 - 2. The total amount of HOME funds from the City of Muskegon disbursed under this Agreement shall not exceed Seventy-Nine Thousand Nine Dollars (\$79,900.00).
 - 3. All payments under this Agreement shall be made according to the regular City of Muskegon, Michigan payment schedule. Payments are made on the second and fourth Fridays of each month. Payment requests must be received by the City no later than 5:00 P.M. on the Friday before the scheduled payment.
 - 4. Payment requests shall be processed according to the date and time the request was received by the Department of Community and Neighborhood Services.
 - 5. Should a finding of ineligible costs or insufficient documentation be made by the City during processing, the CHDO agrees to furnish additional information as may be requested or to re-evaluate or withdraw such request, and to allow additional time for processing of payment as required.
- C. Payment shall not be made unless all program reports are current.
- D. Payment shall not be made unless necessary documentation of insurance and bonding has been received by the City. Failure to submit such documentation within thirty (30) days of the date of the execution of this Agreement shall result in the immediate suspension of the Agreement between the City and the CHDO.
- E. The CHDO shall at all times maintain close communication with the City with respect to disbursements to insure all disbursements are eligible expenditures under the terms and conditions of this Agreement.

- F. Upon termination of this Agreement, any unobligated funds shall be reprogrammed by the City of Muskegon for other HOME eligible activities.
- G. The City reserves the right, at any time and from time to time, to pay to the CHDO all or any part of the funds the City had authorized to be paid to the CHDO in accordance with Section 3 of this Agreement. The time and amount of such payment, in the absence of express resolution by the City Commission, shall be determined by the City Manager of the City of Muskegon. The CHDO agrees that the City's decision to pay or withhold all or any part of the funds the City may previously have authorized to be paid the CHDO is entirely and completely binding upon the CHDO and shall not subject the City to liability of any kind to the CHDO as a result thereof.

SECTION 7: PERMITS, LICENSES, CODES AND INSPECTIONS

- A. The CHDO shall comply with all applicable laws, ordinances, and codes of the local, state, and federal government. This shall include giving appropriate notice as required by the City and obtaining, at the CHDO's own expense, all permits required for the performance of the services covered by this Agreement.
- B. Any and all property improvements performed under this Agreement must be inspected by City staff. No payment for property improvement activities will be authorized prior to inspection approval by the City's Inspection Department and the Department of Community & Neighborhood Services.

SECTION 8: SUBCONTRACTS

- A. The CHDO shall not enter into any agreement, written or oral, with any subcontractor or permit any subcontractor to perform any work covered by this Agreement until the CHDO has requested and received written approval of such agreement from the City.
- B. The CHDO shall insure that all subcontracts let in the performance of this Agreement shall be awarded on a fair and open competition basis. Executed copies of all subcontracts shall be forwarded to the City along with documentation of the selection process.
- C. The CHDO shall include all of the provisions of this Agreement to be included in, and made a part of, any subcontract executed in the performance of this Agreement.
- D. The CHDO shall be as fully responsible to the City for the acts and omissions of its subcontractors, and of persons either directly or indirectly employed by the subcontractors, as the CHDO is for the acts and omissions of persons directly employed by the CHDO.

- E. Nothing contained in this Agreement shall create any contractual relationship between the City and any subcontractor.
- F. The CHDO will monitor all subcontracted services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in the CHDO's monthly report to the City. The CHDO shall communicate any deficiencies in subcontractor activities in writing to the subcontractor and the City. Corrective action for any noted areas of subcontractor deficiency shall occur within thirty (30) days of the written notice unless a waiver is approved in writing by the City. Actions taken to correct subcontractor deficiencies must be documented in program files.

SECTION 9: CITIZEN PARTICIPATION REQUIREMENTS

The CHDO shall encourage citizens, particularly those of low and moderate income residing within its service area, to submit views and proposals regarding the planning, implementation, and evaluation of the CHDO's program. The process by which the CHDO shall initiate and implement neighborhood-wide participation be submitted to the City within 30 days of the execution of this Agreement and shall be subject to monitoring by the City.

SECTION 10: GRIEVANCE PROCEDURE

- A. All complaints or grievances of project area residents or service recipients should be submitted in writing to the CHDO who will communicate in writing its response to the resident or service recipient within fifteen (15) days of receipt. The CHDO's response to the resident or service recipient should be copied to the Director of Community & Neighborhood Services and Code Compliance of the City of Muskegon.
- B. If a party desires to appeal the CHDO response, the resident or service recipient shall submit in writing an appeal to the Director of Neighborhood Services and Code Compliance of the City of Muskegon. The Director shall communicate in writing a response to the resident within thirty (30) days of appeal submission.
- C. Further appeal may be made to the City of Muskegon's Citizen District Council according to the appeals procedure of the City of Muskegon Department of Community and Neighborhood Services. If determined appropriate, the Citizen's District Council will refer the appeal to the U.S. Department of Housing and Urban Development for further review.
- D. All parties with grievances or complaints shall be informed by the CHDO of this grievance procedure.

SECTION 11: CIVIL RIGHTS PROVISIONS

- A. Nondiscrimination in the Provision of Services

The CHDO agrees that no person shall, on the grounds of race, religion, color, national origin, sex, age, handicapped condition, ancestry, family status or veterans status be excluded from participation in, be denied the benefit of, or be subjected to, discrimination in its program or any aspects of this Agreement. The CHDO shall comply with all existing Federal, State, and local laws, rules and regulations regarding equal opportunity and nondiscrimination, affirmative action procedures, fair housing, and laws, rules and regulations regarding the prescribed use of HOME funds. These laws, rules, and regulations include, but are not limited to:

1. Title VI of the Civil Rights Act of 1964, as amended,
2. Title VIII of the Civil Rights Act of 1968, as amended,
3. Section 109 of Title I of the Housing and Community Development Act of 1974,
4. Section 504 of the Rehabilitation Act of 1973,
5. The Americans with Disabilities Act of 1990,
6. The Age Discrimination Act of 1975,
7. Executive Order 11063, and Executive Order 11246 as amended by Executive Orders 11375 and 12086.

B. Nondiscrimination in Employment

The CHDO agrees to not discriminate against any employee or applicant for employment because of race, religion, color, sex, age, handicapped condition, national origin, ancestry, veteran's status, or family status. The CHDO will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, color, sex, age, handicapped condition, national origin, ancestry, veteran's status, or family status. Such action shall include, but not be limited to, the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

C. Documentation

The CHDO shall maintain sufficient program and fiscal records to document that, under all aspects of this Agreement, the CHDO has acted in a manner which is in full compliance with the provisions of this Section where such provisions are applicable to this project. Such records shall at all times remain open to inspection by the City, HUD,

or the U.S. Secretary of Labor for purposes of investigation to ascertain compliance with the provisions of this Section.

SECTION 12: AFFIRMATIVE ACTION AND EQUAL EMPLOYMENT PROVISIONS

A. Affirmative Action Plan

The CHDO shall, prior to receiving funds under this Agreement, have either an Affirmative Action Program that is currently certified by the City of Muskegon, or have executed a Letter of Agreement obligating said CHDO to complete a certified Affirmative Action Plan within the time specified by such Letter of Agreement.

B. Contracting with Small and Minority Firms, Women's Business Enterprises and Labor Surplus Firms

1. It is national policy to award a fair share of contracts to small and minority business firms. Accordingly, affirmative steps must be taken by the CHDO to assure that small and minority businesses are utilized when possible as sources of supplies, equipment, construction and services. Affirmative steps shall include, but not be limited to, the following:
 - a. Including qualified small and minority businesses on solicitation lists.
 - b. Assuring that small and minority businesses are solicited whenever they are potential sources.
 - c. When economically feasible, dividing total requirements into smaller tasks or quantities so as to permit maximum small and minority business participation.
 - d. Where the requirement permits, establishing delivery schedules which will encourage participation by small and minority businesses.
 - e. If any subcontractors are to be let, requiring the prime contractor to take the affirmative steps in 1a through 1d above.
2. The CHDO shall take similar, appropriate affirmative action in support of women's business enterprises.
3. CHDO is encouraged to procure goods and services from labor surplus areas.

C. EEO/AA Statement

The CHDO will, in all solicitations or advertisements for employees placed by or on behalf of the CHDO, state that it is an Equal Opportunity or Affirmative Action employer.

D. Section 3 Provision

1. Compliance with the provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended, the regulations set forth in 24 CFR Part 135, and all applicable rules and orders issued hereunder prior to the execution of this Agreement, shall be a condition of the federal financial assistance provided under this Agreement. These regulations, rules, and orders shall be binding upon the City, CHDO, and any subcontractors under this Agreement.
2. Failure to fulfill the requirements of these provisions shall subject the City, the CHDO, and any subcontractors, their successors and assigns to those sanctions specified by the U.S. Department of Housing and Urban Development.
3. The CHDO certifies and agrees that no contractual or other disability exists which would prevent compliance with these requirements.
4. The CHDO further agrees to include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this contract is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. Section 3 requires that to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the areas of the project."

E. Notification

1. The CHDO agrees to post in conspicuous places, available to employees, and applicants for employment or training, notices to be provided by the City setting forth the provisions of this Section.
2. The CHDO will send to each labor union or representation of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the City advising the said labor union or workers' representatives of the CHDO's commitment under this Section and shall post

copies of the notice in conspicuous places available to employees and applicants for employment.

F. Subcontract Provisions

The CHDO will include the provisions of Section 11, Civil Rights Provisions, and Section 12, Affirmative Action and Equal Opportunity Provisions, in every subcontract or purchase order under this Agreement, either specifically or by reference so that such provisions will be binding upon each subcontractor or vendor.

SECTION 13: SOLE SOURCE OF FUNDS

The sole source of funding from the City for payment of services performed under this Agreement is the HOME Grant provided to the City by HUD. The CHDO agrees that in the event that the HOME Grant is reduced or withheld by HUD, the City shall not be liable for payment of contracted services from any City fund other than the HOME Investment Partnership entitlement, in which case the CHDO further agrees that the maximum sum payable under this Agreement may be reduced by the City.

The CHDO expressly understands and agrees that all rights, demands and claims to compensation arising under this Agreement shall be conditioned and contingent upon receipt of such funds by the City of Muskegon. In the event that such funds are not received by the City for any reason, the CHDO expressly agrees and covenants to hold and save harmless the City or its agents or employees from any costs, expenses, liabilities, or obligations arising from the claims of any person or persons for any cost they have incurred or claim to have incurred by reason of subcontract or sub-agreement with the CHDO.

SECTION 14: CITY OBLIGATIONS AND LIMITATIONS

It is expressly understood by the CHDO that the City's total commitment to activities covered in this Agreement is not to exceed Seventy-Nine Thousand Nine Hundred dollars (\$79,900.00), and that the City has no obligation to complete the activities proposed in Attachment A or to provide any additional funding or services from any source for said activities.

SECTION 15: INDEMNITY AND HOLD HARMLESS PROVISIONS

- A. The City and CHDO acknowledge that the CHDO is an independent contractor in all of the CHDO's activities and that in the course of such activities, at no time do the CHDO, its officers, directors (trustees), members, employees, volunteers, or other persons acting on behalf of CHDO become the agents of the City for any purpose, and at no time shall the City become liable in any manner whatever for any of the actions or activities of the CHDO, its officers, directors (trustees), members, employees, volunteers, or other persons acting on behalf of the CHDO.

In the event any person shall undertake to hold the City liable for any conduct or activities of the CHDO, its officers, directors (trustees), members, employees, volunteers, or other person acting on behalf of the CHDO, the CHDO expressly agrees to hold the City harmless of and from any such liability.

- B. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the City and the CHDO. The City shall be exempt from payment of all employee benefits including Unemployment Compensation, FICA, retirement, life and/or medical insurance and Worker's Compensation Insurance on behalf of the CHDO. If any portion of the CHDO's HOME allocation under this Agreement is used to pay employee benefit costs, the CHDO is still wholly responsible for payment of these costs and settlement of any claims resulting from its actions.

SECTION 16: CONTRACT DURATION AND TERMINATION PROVISION

- A. This Agreement shall become effective June 13, 2017. This Agreement shall be in effect for twelve (12) consecutive months from the effective date unless terminated according to the provisions of this Section.
- B. The Scope of Services, as stated in Section 4 of this Agreement must be completed within twelve (12) consecutive months of the effective date of this Agreement unless an extension is approved in writing by the City. The CHDO may request an extension of the grant period in writing from the Director of Community and Neighborhood Services.
- C. This Agreement may be terminated by the City for failure of the CHDO to comply with the terms of the Agreement upon fifteen (15) days written notice to the CHDO. This Agreement shall specify that, in accordance with 24 CFR 85.43, suspension or termination may occur if the CHDO materially fails to comply with any term of this award.
- D. If the CHDO shall fail, refuse or neglect to comply with the provisions of Section 11, Civil Rights Provisions, Section 12, Affirmative Action and Equal Employment Provisions or Section 13, Fair Housing/Affirmative Marketing, such failure shall be deemed a total breach of the contract and such contract may be terminated, canceled or suspended, in whole or in part, and the CHDO may be declared ineligible for any further City contracts for a period of up to one year. In addition, the CHDO may be declared ineligible for further U.S. government contracts.
- E. This Agreement may be terminated for convenience by either party, in accordance with 24 CFR 85.44, at any time upon thirty (30) days written notice to the other party.
- F. The CHDO's obligation to the City shall not end until all close-out requirements are completed. Close-out activities shall include, but not be limited to, making final payments, disposing of program assets, and determining the custodianship of records.

- G. If a contract is terminated, canceled or suspended according to the provisions of this Section, the CHDO shall have no claims for damages against the City on account of cancellation or suspension or declaration of ineligibility.

SECTION 17: REVERSION OF ASSETS

- A. The CHDO certifies that immediately upon the earliest of: 1) the event of default under the terms and conditions of this Contract; 2) dissolution of the CHDO; 3) the termination of any program described herein; or 4) the expiration or termination of this Agreement, if said Agreement is not renewed or extended, any HOME Grant funds remaining in the CHDO Home Account, repayments of all loans, proceeds from the sale of property and title to property that has been purchased and/or repaired in whole or in part with City funds, accounts receivable, and/or assets attributable to the use of the HOME Grant funds, shall revert to the City.
- B. The CHDO shall also ensure that in the event that non-expendable personal property purchased under this Agreement is sold during the term of this Agreement or for one year after contract expiration, any income from the sale shall be returned to the City within ten (10) days of sale. In the event that the balance of funds held in the CHDO's Home Account is not sufficient to repay HOME Grant funds received by CHDO, the CHDO must provide a written explanation to the City at least twenty (20) working days prior to closing of a transaction.

SECTION 18: MODIFICATION AND RENEGOTIATION

- A. This Agreement will be subject to modification and/or renegotiation to conform with any changes caused by amendments or revisions in Federal laws and regulations. This Agreement may also be modified to reflect changes in funding amounts or other grant conditions related to the use of U.S. Department of Housing and Urban Development funds.
- B. The City or the CHDO may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the City Commission of the City of Muskegon and the CHDO's Board of Directors. Such amendments shall not invalidate this Agreement, nor relieve or release the City or the CHDO from its obligations under this Agreement.

SECTION 19: CONFLICT OF INTEREST

- A. Compliance

The CHDO agrees to abide by the provisions of 24 CFR 92.356 with respect to conflicts of interest, and covenants that it presently has no financial interest and shall not acquire

any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. The CHDO further covenants that in the performance of this Agreement no person having such a financial interest shall be employed or retained by the CHDO hereunder.

No person(s) who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision-making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

B. Persons Covered by this Policy

Persons covered by these conflict of interest provisions include:

1. All employees of the CHDO and their families, including spouses, minor children and other relatives who are residents of their household.
2. All members of the CHDO's Board of Directors, and their families, including spouses, minor children and other relatives who are residents of their households.
3. All agents, officers, consultants, elected or appointed officials, or any persons who exercise any functions or responsibilities with respect to the activities assisted under this Agreement or who are in a position to participate in a decision-making process affecting the activities covered under this Agreement.

C. Conflicts Prohibited

1. Except for approved eligible administrative or personnel costs, no persons covered under this Section may gain a financial interest or benefit from the activities covered under this Agreement, or have an interest in or share in the proceeds of any subcontract or subagreement thereunder.
2. No person covered by this Section shall participate in selection of a vendor, contractor, or firm to be compensated under this Agreement if he/she, members of his/her immediate family, his/her partners or business affiliates, or an organization which employs or is about to employ any of the above have a financial or other interest in the selected firm, vendor, or contractor.
3. Persons covered by this Section shall neither solicit nor accept gratuities, favors or anything of monetary value from actual or potential contractors, firms, or vendors. The only exceptions shall be:

- a. Acceptance of food or refreshment of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting or other meeting, or in the normal course of such covered person's assigned duties when such covered person is properly in attendance;
 - b. Acceptance of a loan from a bank or other financial institution on customary terms to finance usual activities of such covered person;
 - c. Acceptance of unsolicited advertising or promotional materials, such as pens, pencils, calendars, or other items of nominal value.
4. No owner, developer or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an owner-occupant of single-family housing or to an employee or agent of the owner or developer of a rental housing project who occupies a HOME assisted unit as the project manager or maintenance worker.

D. Exceptions

- 1. In some cases an exception to the prohibition described in paragraph C, above, may serve to further the purposes of the HOME Program and the effective and efficient administration of this Agreement. A waiver of the conflict of interest provisions may be granted only by the U.S. Department of Housing and Urban Development. The CHDO shall submit a written request for such a waiver to the City of Muskegon's Director of Community and Neighborhood Services. This written request shall, in turn, be forwarded to HUD for review.
- 2. Requests for waivers shall include the following information:
 - a. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made;
 - b. A description of factors that warrant an exception from the Conflict of Interest Policy. Such factors should include:
 - (1) Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (2) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
- (3) Whether the interest or benefit was present before the affected person was in a position to participate in the decision-making process or gain inside information with regard to activities, or to obtain a personal or financial interest or benefit from the activity, or to exercise any function or responsibility in regard to the activity in question;
- (4) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- (5) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available; and
- (6) Any other relevant considerations.

SECTION 20: COPYRIGHTS AND PATENTS

If this Agreement results in a book or other copyrightable materials or patentable materials, the CHDO may copyright or patent such, but the City and the United States Government reserve a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use such materials and to authorize others to do so.

SECTION 21: NOTIFICATION

All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed to have been served as of the postmark appearing upon the envelope if sent by the United States mail, at the address listed below, or upon the actual date of delivery if hand delivered to the address listed below. Either party may change the below listed address at which one receives written notices by so notifying the other party hereto in writing.

ADDRESS OF CITY

City of Muskegon
Community & Neighborhood Services
P.O. Box 536 (if mailed)
Muskegon, MI 49443

ADDRESS OF CHDO:

Muskegon County Habitat for
Humanity
280 Ottawa St.
Muskegon MI 49442

SECTION 22: OTHER FEDERAL, STATE, AND LOCALLY MANDATED PROVISIONS

A. INTEREST OF CERTAIN FEDERAL AND OTHER OFFICIALS

1. No member of or delegate to the Congress of the United States and Resident Commissioners shall be admitted to any share or part of this Agreement or to any benefit to arise from the same: Provided that the foregoing provision of this section shall not be construed to extend to this contract if made with a corporation for its general benefit.
2. No officer, employee, or member of the governing body of the City who exercises any function or responsibilities in connection with the carrying out of the project to which this contract pertains shall have any private interest, direct or indirect, in this contract.

B. DRUG-FREE WORK PLACE PROVISION

The CHDO certifies to provide for a drug-free work place in conformance with the Drug-Free Workplace Act of 1988. This includes the administration of a policy designed to ensure that all program work areas are free from the illegal use, possession or distribution of drugs or alcohol by its employees, volunteers, or program beneficiaries.

C. ANTI-LOBBYING PROVISION

The CHDO certifies that, to the best of its knowledge and belief,

1. No Federal appropriated funds shall be used by the CHDO for publicity or propaganda purposes designed to support or defeat legislation pending before a Federal, State, or local government.
2. No Federal appropriated funds have been paid or will be paid, by or on behalf of the City, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
3. If any funds other than Federal appropriated funds will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the CHDO must notify the City so the City can complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", as appropriate.

4. The CHDO shall require that the language of this certification be included in the award of documents of all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subcontractors shall certify and disclose accordingly.

D. POLITICAL ACTIVITY PROVISION (HATCH ACT)

The CHDO agrees that no funds provided, nor personnel employed under this contract, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code. None of the funds, materials, property or services provided directly or indirectly under this Agreement shall be used for any partisan political activity, lobbying, or to further the election or defeat of any candidate for public office.

E. PROHIBITION AGAINST SECTARIAN OR RELIGIOUS ACTIVITY

The CHDO agrees that funds provided under this Agreement will not be used for sectarian or religious activities, to promote sectarian or religious interests, or for the benefit of a sectarian or religious organization in accordance with the federal regulations specified in 24 CFR 92.257.

SECTION 23: PARTIAL INVALIDITY

Should any section or any part of any section of this Agreement be rendered void, invalid or unenforceable by any court of law, for any reason, such a determination shall not render void, invalid, or enforceable any other section or any part of any section in this Agreement.

SECTION 24: NO THIRD PARTY RIGHTS

Nothing in this agreement shall be construed to constitute or create rights in any person, firm or other entity against the parties hereto (as third-party beneficiaries or otherwise) or to create obligations or responsibilities of the City or the CHDO to such third parties, or to permit anyone other than the City and the CHDO to rely upon the agreements herein contained. The CHDO shall not assign or transfer any interest in this Agreement without the prior written consent of the City of Muskegon.

SECTION 24: ALL TERMS AND CONDITIONS ARE INCLUDED IN CONTRACT

This Agreement contains all the terms and conditions agreed upon by the parties. All items incorporated by reference, including Attachments A, B, C, D, E, F, G, and referenced federal regulations, are made wholly a part of this Agreement as if incorporated herein. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the parties hereto.

IN WITNESS WHEREOF, the parties hereto and hereinafter set their hands and seals on the day and year hereinabove written.

CITY OF MUSKEGON, MICHIGAN
BY:

BY:

Mayor

Name
President

ATTEST:

WITNESS:

City Clerk

Name
Secretary

ATTACHMENT A
PROPOSAL FOR HOME FUNDING

Habitat's Affordable Homeownership program will contribute two (2) newly constructed units to the City's Housing stock. Furthermore, the new units will add value to surrounding properties in the Nims Neighborhood while adding tax revenue for the City. In addition, home ownership is proven to strengthen neighborhoods.

ATTACHMENT B
PROJECT BUDGET

HOME Share	\$79,900
Other* Funds	\$149,165
Total	\$229,065

*MSHDA Down Payment Assistance (via HFHM, HFHI In-Kind Donations, Mortgage Receivables, Community Donation Funds, and MCHFH Operating Funds.

ATTACHMENT C
CITY OF MUSKEGON, MICHIGAN
HOME INVESTMENT PARTNERSHIPS PROGRAM

CERTIFICATION OF LEGAL AUTHORITY TO EXECUTE THIS AGREEMENT

The CHDO, hereby assures and certifies that:

- (a) It possesses legal authority to execute the attached agreement, and provide the proposed program services agreed to.
- (b) Its governing body has duly agreed to and officially acted by a resolution, motion or similar action to authorize the execution of this Agreement, including all understandings and assurances contained herein. The governing body further authorizes the person identified as the official representative of the CHDO to act in connection with the agreement and to provide such additional service information as may be required.

Name and Title

ATTACHMENT D
CITY OF MUSKEGON, MICHIGAN
HOME INVESTMENT PARTNERSHIPS PROGRAM

CERTIFICATION TO COMPLY WITH ALL APPLICABLE FEDERAL REGULATIONS

The CHDO hereby assures and certifies to comply with all applicable provisions current and future laws and regulations related to the administration of the Community Development Block Grant program. These laws and regulations include, but are not limited to the following:

- Title I of The Housing and Community Development Act of 1974, as amended
- Title 24 Code of Federal Regulations, Part 85
- Title 24 Code of Federal Regulations, Part 92
- Title 24 Code of Federal Regulations, Part 570
- Office of Management and Budget Circular A-110, A-122 and A-133
- Title VI of the Civil Rights Act of 1964, as amended
- Title VIII of the Civil Rights Act of 1968, as amended
- Section 504 of the Rehabilitation Act of 1973
- The Age Discrimination Act of 1975
- The Americans with Disabilities Act of 1990
- Executive Orders 11063, 11246, 11375, and 12086
- Section 3 of the Housing and Urban Development Act of 1968, as amended

The CHDO further assures and certifies that it understands its right to request copies of any and all laws and regulations applicable to this Agreement. Copies of such laws and regulations may be requested in writing from the City of Muskegon Department of Community and Neighborhood Services.

The CHDO further understands that the City shall hold it responsible for knowledge and proper application of these laws and regulations. If, under any circumstances, the CHDO requires clarification of these laws or regulations, it shall be the CHDO's responsibility to contact the City or the U.S. Department of Housing and Urban Development for such clarification.

The CHDO acknowledges that it cannot be absolved of its responsibilities under these laws or regulations by claiming lack of access, knowledge, or understanding thereof.

Name and Title

ATTACHMENT E
AMENDMENT PERTAINING TO THE USE OF HOME FUNDS
BY SECTARIAN ORGANIZATIONS

Pursuant to Title I of the Housing and Community Development Act of 1974, as amended, the CHDO represents that it is, or may be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes which is supervised or controlled by or in connection with a religious or denominational institution or organization. As such, the CHDO agrees that, in connection with the services provided under this Agreement:

1. It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;
2. It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion;
3. It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services;
4. The portion of a facility used to provide public services assisted in whole or in part under this Agreement shall contain no sectarian or religious symbols or decorations; and
5. The funds received under this Agreement shall not be used to construct, rehabilitate, or restore any facility which is owned by the CHDO and in which the public services are to be provided. However, if authorized under the terms of this Agreement, minor property repairs may be made to such facility if such repairs (a) are directly related to the public services outlined in this Agreement, (b) are located in a structure used exclusively for non-religious or non-sectarian purposes, and (c) constitute in dollar terms only a minor portion of the HOME expenditure for public services authorized under this Agreement.

The CHDO hereby certifies to comply with the provisions of this Attachment. The CHDO understands that noncompliance with these provisions shall constitute a breach of this Agreement, and the City has the right to terminate the Agreement and enforce appropriate sanctions as allowed by local, state, and federal law.

Name, Title

Commission Meeting Date: June 13, 2017

Date: June 6, 2017

To: Honorable Mayor and City Commission

From: Community and Neighborhood Services Department

RE: Approval of the Fair Housing Agreement with Muskegon Heights and Norton Shores

SUMMARY OF REQUEST: The cities of Muskegon, Muskegon Heights, Norton Shores are entering into an agreement with the Fair Housing Center of West Michigan to conduct fair housing testing in the County of Muskegon per the recommendation of the 2009 Analysis of Impediments Report. This agreement will be for 2017-2019.

FINANCIAL IMPACT: Based on population, the City of Muskegon will pay \$17,680 of the annual cost.

STAFF RECOMMENDATION: To approve the attached Agreement and authorize the Mayor to sign.

FAIR HOUSING SERVICES PROPOSAL 2017-2019

Fair Housing Center of West Michigan

The **Fair Housing Center of West Michigan** (hereinafter the “FHCWM”), a Michigan non-profit corporation with its principal offices located at 20 Hall Street SE, Grand Rapids, MI 49507, hereby proposes to provide fair housing services to the Cities of Muskegon, Muskegon Heights and Norton Shores (hereinafter the “Cities”).

I. PURPOSE

The purpose of these services is to decrease impediments to housing choice and to promote open, diverse communities based on the provisions of the federal Fair Housing Act and relevant state and local fair housing laws.

II. TERM

The FHCWM proposes to provide the services during the two-year period that begins on July 1, 2017 and ends on June 30, 2019, as outlined below.

III. AGREEMENT ACTIVITIES AND DEFINITIONS

- A. Education and Outreach. The FHCWM will conduct an ongoing community outreach program throughout the Cities to educate housing consumers, professionals and the general public concerning fair housing. The FHCWM will complete a minimum of 15 hours of education and outreach activities per year throughout the Cities.
 - i. As part of a comprehensive, regional program, the FHCWM will disseminate fair housing information to housing consumers and housing/human service agencies in order to educate about housing rights and to increase awareness and reporting of discriminatory practices.
 - ii. The FHCWM will also provide fair housing information to sales, rental, and lending professionals in order to encourage their voluntary compliance with federal, state and local fair housing laws.
 - iii. The FHCWM will disseminate materials on a community-wide basis in order to promote understanding of fair housing and the benefits thereof, and to increase general public awareness regarding equal access to housing opportunity. Such services will include the provision of formal fair housing training upon request.
 - iv. The FHCWM will also provide technical assistance to the staff of the Cities in response to any and all questions regarding unlawful housing discrimination or fair housing practices.
- B. Complaint Investigation.
 - i. The FHCWM will receive, review, investigate and process all real and potential complaints of unlawful housing discrimination involving people and/or properties located within the Cities which the FHCWM may receive from residents of any of the Cities, a person wishing to reside in any of the Cities, or any other source during the Term defined in this proposal.
 - ii. The FHCWM may independently initiate and implement systemic investigations, market reviews, case development, management and conciliation in order to detect and remove barriers to equal housing opportunity.
 - iii. In the absence of, or in addition to, an individual complainant, the FHCWM will initiate enforcement action in those cases where evidence of potential discrimination exists, as deemed necessary and appropriate at the sole discretion of the FHCWM.
- C. Housing Tests. Testing is an investigative tool used to gather evidence. Testing is one way to determine whether all housing consumers are being afforded the same information, service, treatment, and access without regard to the characteristics protected by fair housing laws.
 - i. The FHCWM will conduct fair housing testing throughout the Term for the purpose of obtaining credible and objective information about housing practices. This may include

FAIR HOUSING SERVICES PROPOSAL 2017-2019

Fair Housing Center of West Michigan

testing in the areas of sales, rental, advertising, insurance, appraisal and/or financing of housing, as deemed necessary and appropriate at the sole discretion of the FHCWM.

1. In line with the recommendations in the Cities' "2015 Analysis of Impediments to Fair Housing Choice", the FHCWM will place an emphasis on testing the issue of racial steering, as deemed appropriate at the sole discretion of the FHCWM.
2. The FHCWM will conduct a minimum of 10 fair housing tests (at least two (2) per City) per year involving people and/or property within any of the Cities.
- ii. The fair housing tests will be based upon bona fide complaints, conducted on a survey basis, or completed as part of a systemic investigation, with a focus on complaint-based testing.
- iii. All housing testing will be conducted by trained testers according to generally-accepted housing testing methodology.
- iv. In the absence of, or in addition to, an individual complainant, the FHCWM will initiate enforcement action in those cases where evidence of potential discrimination exists, as deemed necessary and appropriate at the sole discretion of the FHCWM.

D. HMDA Data Analysis. In line with the recommendation in the Cities' "2009 Analysis of Impediments to Fair Housing Choice", the FHCWM proposes to conduct a review of HMDA data for the Cities that will serve to identify and analyze disparities based on race, ethnicity, and poverty.

- i. This will be a systemic, full-scale analysis of HMDA data.
- ii. The FHCWM will begin the analysis on or after July 1, 2018, and the review will be completed by June 30, 2019.
- iii. The FHCWM will issue the Cities a report by July 31, 2019 detailing its findings and analysis, with relevant recommendations.

IV. REPORTING

The FHCWM will provide each municipality with program performance reports which contain information regarding the activities carried out and the results of those activities. Reports will be submitted bi-annually, within 15 days after the conclusion of each six-month reporting period. The FHCWM will forward the reports to each of the municipalities by January 15, 2018, July 15, 2018, January 15, 2019 and July 15, 2019. The complaint and testing activities will be reported by municipality.

IV. COMPENSATION

For the performance of the activities under this Agreement, the Cities hereby agree to pay the FHCWM the total amount of \$34,000.00 (thirty-four thousand dollars) throughout the two year Term of the contract. The total amounts are subject to change if funding sources substantially diminish from HUD and/or other funding sources arise to substantially cover the Muskegon County area. However, such modifications must be proposed at least 30 days prior to their effective date, mutually agreed upon by all parties, and incorporated into written amendments to this contract. Under no circumstances will compensation be reduced for work or services provided pursuant to this Contract that have been performed in a timely and satisfactory manner.

Agreement Activities Timelines and Costs		
Activities	Timeframe	Amount
A, B and C	Year 1: July 1, 2017 – June 30, 2018	\$12,000.00
A, B and C	Year 2: July 1, 2018 – June 30, 2019	\$12,000.00
D	Year 2: July 1, 2018 – June 30, 2019	\$10,000.00
TOTAL		\$34,000.00

FAIR HOUSING SERVICES PROPOSAL 2017-2019
Fair Housing Center of West Michigan

The municipalities share of the total is based upon the following agreed upon percentages of the total:

Municipality	Percentage	Share of Contract Total	Year 1 Total	Year 2 Total
City of Muskegon	53%	\$18,020.00	\$6,360.00	\$11,660.00
City of Muskegon Heights	14%	\$4,760.00	\$1,680.00	\$3,080.00
City of Norton Shores	33%	\$11,220.00	\$3,960.00	\$7,260.00
TOTAL	100%	\$34,000.00	\$12,000.00	\$22,000.00

The FHCWM will submit invoices to each of the municipalities with each of its four (4) bi-annual reports reflecting the amount due for services rendered during each six-month reporting period. The schedule of payments is as follows:

Reporting Period		Municipality	Agreement Activities Rendered	Timeframe	Amount
Year 1 July 1, 2017-June 30, 2018	Report 1 Due Jan. 15, 2018	City of Muskegon	A, B and C	July 1, 2017 - December 31, 2017	\$3,180.00
		City of Muskegon Heights	A, B and C	July 1, 2017 - December 31, 2017	\$840.00
		City of Norton Shores	A, B and C	July 1, 2017 - December 31, 2017	\$1,980.00
	Report 2 Due Jul. 15, 2018	City of Muskegon	A, B and C	January 1, 2018 - June 30, 2018	\$3,180.00
		City of Muskegon Heights	A, B and C	January 1, 2018 - June 30, 2018	\$840.00
		City of Norton Shores	A, B and C	January 1, 2018 - June 30, 2018	\$1,980.00
Year 2 July 1, 2018-June 30, 2019	Report 3 Due Jan. 15, 2019	City of Muskegon	A, B, C and D	July 1, 2018 - December 31, 2018	\$5,830.00
		City of Muskegon Heights	A, B, C and D	July 1, 2018 - December 31, 2018	\$1,540.00
		City of Norton Shores	A, B, C and D	July 1, 2018 - December 31, 2018	\$3,630.00
	Report 4 Due Jul. 15, 2019	City of Muskegon	A, B, C and D	January 1, 2019 - June 30, 2019	\$5,830.00
		City of Muskegon Heights	A, B, C and D	January 1, 2019 - June 30, 2019	\$1,540.00
		City of Norton Shores	A, B, C and D	January 1, 2019 - June 30, 2019	\$3,630.00

FAIR HOUSING SERVICES PROPOSAL 2017-2019
Fair Housing Center of West Michigan

XII. CERTIFICATION OF AUTHORITY TO SIGN AGREEMENT

The persons signing this Agreement on behalf of the Cities and FHCWM hereto certify by said signatures that they are duly authorized to sign this Agreement.

XIII. APPROVAL AND SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

CITY OF MUSKEGON

By: _____
Stephen J. Gawron, Mayor

Date: _____

CITY OF MUSKEGON HEIGHTS

By: _____
Kimberley Sims, Mayor

Date: _____

CITY OF NORTON SHORES

By: _____
Gary Nelund, Mayor

Date: _____

FAIR HOUSING CENTER OF WEST MICHIGAN

By: _____
Nancy Haynes, Executive Director

Date: _____

Commission Meeting Date: June 13, 2017

Date: June 5, 2017
To: Honorable Mayor & City Commission
From: Planning & Economic Development Department
RE: CDBG Program Administration Agreement- City of Muskegon/City of Norton Shores

SUMMARY OF REQUEST: The City of Muskegon has contracted with the City of Norton Shores to administer their Community Development Block Grant (CDBG) program since 2006. The current Agreement concludes on June 30, 2017. The new Agreement extends for two years (through June 30, 2019).

FINANCIAL IMPACT: The City of Norton Shores will pay the maximum allowable CDBG costs per program year to the City of Muskegon, minus \$1,000 to administer their CDBG program.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the attached Agreement and authorize the Mayor and City Clerk to sign.

CDBG Program Administration Agreement
Between the
City of Norton Shores
And
City of Muskegon

An agreement made and entered into this _____ day of _____, 2017, by and between the City of Muskegon; a Michigan municipal corporation ("Muskegon"), and the City of Norton Shores, a Michigan municipal corporation ("Norton Shores"), with reference to the following facts;

Background

Norton Shores desires that Muskegon assume responsibilities for the administration of the Norton Shores' Community Development and Block Grant ("CDBG") Program.

Therefore, the parties agree as follows:

1. **Administration of CDBG Program.** Muskegon agrees to assume responsibility for the preparation and submission of the following CDBG documents on behalf of Norton Shores:
 - a. Federal Application 424, narratives, project tables, certifications, Environmental Summary, Combined Notice of no Significant Findings and Intent to Release Funds.
 - b. Consolidated Annual Performance and Evaluation Report, publish hearing notice narratives, reports including performance measures criteria (using CPMP format).
 - c. Semi-Annual Labor Standard Enforcement Report (form 4710).
 - d. Contract and Subcontract Activity Report (form 2516).
 - e. CDBG liens for projects, in accordance with HUD guidelines and regulations, as well as any other applicable Norton Shores requirements.
 - f. Preparation of quarterly reports to comply with CAPER, maintaining sub-recipient contract format for the City of Norton Shores' contract with the American Red Cross.

Norton Shores shall provide Muskegon with a copy of all forms previously used by Norton Shores, and Muskegon shall provide a copy of the above reports to Norton Shores upon completion.

2. **Terms of CDBG Fund Payments.** Muskegon shall submit payment request for release of CDBG funds to Norton Shores' Finance Department, and Norton Shores shall remit payment within 10 days of a payment request by Muskegon.
3. **Administration Fee.** Norton Shores shall pay Muskegon the maximum CDBG allowable costs but not less than \$22,000 per program year for administration of CDBG program. Payment shall be made by way of quarterly payments beginning on July 1, 2017.
4. **Terms of the Contract.** The parties agree that this contract shall be effective July 1, 2017 through June 30, 2019. In addition, either party may terminate this Agreement at any time, and for any reason, upon 45 days written notice to the other party. Upon termination of the

contract, Muskegon shall owe Norton Shores a pro rata return of the unearned Administration Fee paid to date.

5. **Building Inspection.** Norton Shores' Building Inspection Department will perform all inspections for CDBG projects and submit the inspection reports to Muskegon for inclusion in the relevant project file.
6. **Purchasing Guidelines.** Muskegon and Norton Shores agree to evaluate the current CDBG program purchasing guidelines used by Norton Shores and establish a written quotation and sealed project bid system acceptable to both parties.
7. **General Provision.**
 - a. **Non-Waiver.** No waiver by any party of any provision of this Agreement shall constitute a waiver by such party of such provision on any other occasion or a waiver by such party of any other provision of this Agreement.
 - b. **Severability.** Should any provision of this Agreement be determined to be invalid, unlawful, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be impaired or affected.
 - c. **Assignment or Delegation.** Neither party may assign all or any portion of its rights and obligations in this Agreement without the express prior written approval of the other party which approval may be withheld for any reason.

City of Muskegon

City of Norton Shores

By _____
Stephen J. Gawron, Mayor

By _____
Gary Nelund, Mayor

By _____
Anne Marie Meisch, City Clerk

By _____
Shelly Stibitz, City Clerk

AGENDA ITEM NO. _____
CITY COMMISSION MEETING _____

TO: Honorable Mayor and City Commissioners
FROM: Frank Peterson, City Manager
DATE: June 13, 2017
RE: Cemetery Perpetual Care Fund - CFFMC

SUMMARY OF REQUEST:

The City Commission recently approved a change to the fund to allow for a loan in support of development at 351 West Western. The developers have received a conditional offer from the MEDC to provide grant assistance to the project. However, the MEDC's recommendation is contingent upon the City's loan terms being adjusted to allow for better cash flow in the project. Absent a change to our loan, the grant funding is unlikely to be recommended at its current level.

FINANCIAL IMPACT:

None.

BUDGET ACTION REQUIRED:

None.

STAFF RECOMMENDATION:

To authorize the Community Foundation for Muskegon County to invest \$500,000 from the City of Muskegon Cemetery Perpetual Care Fund in 351 W. Western Ave. LLC, as a piece of the financing for a six-story residential, commercial and retail development on terms that are as follows:

The return to the Cemetery Perpetual Care Endowment Fund will be interest at 0% for the first three years and then at the prime rate beginning in year four, adjusted annually. Years 1-5, monthly payments will consists of interest only. Beginning in Year six, monthly payments will consists of principle and interest (prime), based on 25 year amortization. A balloon payment will be due at year 15. The loan will be secured by a subordinated mortgage on the development.

COMMITTEE RECOMMENDATION:

AGENDA ITEM NO. _____
CITY COMMISSION MEETING _____

TO: Honorable Mayor and City Commissioners
FROM: Frank Peterson, City Manager
DATE: June 7, 2017
RE: LC Walker Concession Point of Sale Contract

SUMMARY OF REQUEST:

The LC Walker arena stands grossed nearly \$500,000 in sales during the current fiscal year. To better manage these sales, staff is requesting permission to purchase and implement a point of sales system. The system, Digital Dining, would be implemented prior to the start of hockey season, and would be interconnected to any restaurants that lease space in the arena as well.

FINANCIAL IMPACT:

75,000

BUDGET ACTION REQUIRED:

None. This cost is included in the 4th Quarter Budget Reforecast.

STAFF RECOMMENDATION:

To authorize the City Manager to enter into a purchase agreement with Services Integrated Systems, Inc. of Nunica, MI to install and implement the Digital Dining Point of Sale System at the LC Walker Arena, and to purchase all necessary equipment to accomplishing the installation and implementation.

COMMITTEE RECOMMENDATION:



Service Integrated Systems, Inc.

Phone: (616) 837-1111
 Fax: (616) 384-3028
 12261-F Cleveland Rd
 Nunica, MI 49448

Quote

No.: **5327**
 Date: 6/2/2017

Prepared for:
 Frank Peterson
 L.C. Walker Arena
 955 Fourth Street
 Muskegon, MI 49440 U.S.A.

Prepared by: John Gerig
 Account No.: 1092

Quantity	Item ID	Description	UOM	List	Sell	Total
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Subtotal Header 1

1	DD-30	Digital Dining Professional License for 29 POS Stations	EA	\$19,800.00	\$19,800.00	\$19,800.00
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Each assembly includes

Qty.	Item ID	Description	UOM	Sell	Total
6	DD-Add1-6	Digital Dining Professional License for 1-6 Stations	EA	\$1,000.00	\$6,000.00
24	DD-Add7+	Digital Dining Professional License	EA	\$500.00	\$12,000.00
- Digital Dining Software License \$500 per station over 6					
1	SUS-30-Yr1	Annual Digital Dining Software Update Subscription for 29 POS	EA	\$1,800.00	\$1,800.00
- Digital Dining Software Subscription 25 POS for Year 1					
- \$1,550.00 Per Year					
					\$19,800.00

4	DDCC-H	Digital Dining Credit Card Module	EA	\$300.00	\$0.00	\$0.00
- The Cost for this module is covered if processing with Heartland						
4	DDGift-H	Digital Dining Gift Card Module	EA	\$300.00	\$0.00	\$0.00
- The Cost for this module is covered if processing with Heartland						
- Gift Cards are available for purchase from Card Marketing Services.						
2	XT38-W/MSR/FP	All In One - POS Terminal	EA	\$1,579.00	\$1,262.67	\$2,525.34

Each assembly includes

Qty.	Item ID	Description	UOM	Sell	Total
1	XT-38	FXT3815 15"ProCap,Intel Cel J1900,2.42GHz,4G,64GSSD,P OS Ready 7(64 bit)	EA	\$1,086.67	\$1,086.67
1	XT-MSR/FP	MSR Attachment, 3-Track Encryption Capable, USB W/Fingerprint Reader for Staff Security.	EA	\$176.00	\$176.00
					\$1,262.67

1	PAX D210	EMV Enabled Credit Card Terminal - Wireless	EA	\$607.00	\$485.33	\$485.33
19	PAX S300	EMV Enabled Credit Card Terminal - Tethered	EA	\$484.00	\$386.67	\$7,346.73

Customer will supply iPads.

1	LP-Mini-MSR+CS-wStr ap	MSR with Light Weight Case and Hand Strap for iPad Mini	EA	\$439.00	\$351.67	\$351.67
iPad Mini will be purchased by customer from a retailer of their choice. Purchase of a full replacement protection package is recommended.						

Each assembly includes

Quantity	Item ID	Description	UOM	List	Sell	Total																												
<table> <tr> <th>Qty.</th><th>Item ID</th><th>Description</th><th>UOM</th><th>Sell</th><th colspan="2">Total</th></tr> <tr> <td>1</td><td>LP-Mini-Air-MSR</td><td>MSR for iPad Mini & Air</td><td>EA</td><td>\$245.00</td><td colspan="2">\$245.00</td></tr> <tr> <td>1</td><td>LP-Mini-LiteW-CaseW/Strap</td><td>Light Weight Case for iPad Mini - Rubber W/Hand Strap</td><td>EA</td><td>\$106.67</td><td colspan="2">\$106.67</td></tr> <tr> <td colspan="4"></td><td></td><td colspan="2">\$351.67</td></tr> </table>							Qty.	Item ID	Description	UOM	Sell	Total		1	LP-Mini-Air-MSR	MSR for iPad Mini & Air	EA	\$245.00	\$245.00		1	LP-Mini-LiteW-CaseW/Strap	Light Weight Case for iPad Mini - Rubber W/Hand Strap	EA	\$106.67	\$106.67							\$351.67	
Qty.	Item ID	Description	UOM	Sell	Total																													
1	LP-Mini-Air-MSR	MSR for iPad Mini & Air	EA	\$245.00	\$245.00																													
1	LP-Mini-LiteW-CaseW/Strap	Light Weight Case for iPad Mini - Rubber W/Hand Strap	EA	\$106.67	\$106.67																													
					\$351.67																													
6	LP Secure Stand Kit Air2	Secure Stand with MSR for iPad Air Black	EA	\$618.00	\$491.67	\$2,950.02																												
<i>iPad will be purchased by customer from a retailer of their choice. Purchase of a full replacement protection package is recommended.</i>																																		
Each assembly includes <table> <tr> <th>Qty.</th><th>Item ID</th><th>Description</th><th>UOM</th><th>Sell</th><th colspan="2">Total</th></tr> <tr> <td>1</td><td>LP-Stand-Air</td><td>Secure Stand for iPad Air Black</td><td>EA</td><td>\$246.67</td><td colspan="2">\$246.67</td></tr> <tr> <td>1</td><td>LP-Air2-MSR</td><td>IPC Infinea Tab for iPad Air2 MSR (Encryption Ready)</td><td>EA</td><td>\$245.00</td><td colspan="2">\$245.00</td></tr> <tr> <td colspan="4"></td><td></td><td colspan="2">\$491.67</td></tr> </table>							Qty.	Item ID	Description	UOM	Sell	Total		1	LP-Stand-Air	Secure Stand for iPad Air Black	EA	\$246.67	\$246.67		1	LP-Air2-MSR	IPC Infinea Tab for iPad Air2 MSR (Encryption Ready)	EA	\$245.00	\$245.00							\$491.67	
Qty.	Item ID	Description	UOM	Sell	Total																													
1	LP-Stand-Air	Secure Stand for iPad Air Black	EA	\$246.67	\$246.67																													
1	LP-Air2-MSR	IPC Infinea Tab for iPad Air2 MSR (Encryption Ready)	EA	\$245.00	\$245.00																													
					\$491.67																													
21	iPad-POS-Stand	POS Stand for iPad	EA	\$266.00	\$199.88	\$4,197.48																												
<i>Includes Security Cable & Steel Anchoring Point</i>																																		
1	LP-Mini-Charger-1	Single Unit Charger for Slim Case for iPad Mini	EA	\$199.00	\$174.67	\$174.67																												
24	BTP R180II	Thermal Receipt Printer (USB/Serial/Ethernet)	EA	\$239.00	\$192.00	\$4,608.00																												
2	TM-220B Ethernet	Kitchen or Bar Prep Printer	EA	\$455.00	\$364.53	\$729.06																												
23	M-13	13" Cash Drawer 24V	EA	\$65.00	\$52.00	\$1,196.00																												
<i>- Locking Lid and Under Counter Mount available for this model</i>																																		
23	M-13-Lid	Locking Lid for 13" Cash Drawer	EA	\$32.00	\$25.33	\$582.59																												
1.00	Instll	Menu Programing, Installation, Training and Live Support	EA	\$3,500.00	\$3,500.00	\$3,500.00																												
1.00	OSM-LC	Monthly On Site Support	EA	\$350.00	\$350.00	\$350.00																												
<i>Includes:</i> - Technical Assistance for Digital Dining and Network Related Issues - Remote Control Agent for Accessing Digital Dining Back Office Server - Unlimited Remote Support 9 to 5 Mon-Fri - On Site Technical Support 9 to 5 Mon-Fri - Emergency After Hours Support - 20% Discount on New System Hardware - Scheduled Equipment Diagnostic & Repair - Annual Management & Staff Training (4 Hrs/Yr) - Annual On Site Hardware preventative Manitenance																																		
Subtotal Footer 1						\$48,796.89																												
1	Dell-Srvr	Dell - Main Data Server	EA	\$4,299.00	\$3,466.67	\$3,466.67																												
1	Dell Server for Mobile	Dell Mobile Device Server, Quad Core - 3 Yr Depot Warranty	EA	\$4,825.00	\$4,133.33	\$4,133.33																												
- Intel® Xeon® E5-2609 v3 1.9GHz,1 Processor - 32GB RDIMM, 2133 RAM - RAID 1+RAID 1 - 4 Each - 1TB 7.2K RPM SATA 6Gbps 3.5in Hot-plug Hard Drive - 2 Each - Broadcom 5720 DP 1Gb Network Interface Card - Dual, Hot-plug, Redundant Power Supply (1+1), 495W - 3 Year Dell ProSupport and Next Business Day On-site Service																																		
2	Win2016SrvrStd	Windows Server 2012R2 Std x64	EA	\$949.00	\$949.00	\$1,898.00																												

QuoteNo.: **5327**

Date: 6/2/2017

Quantity	Item ID	Description	UOM	List	Sell	Total
6	Win12-5-RDP	Microsoft Windows Remote Desktop Services 2012 - License 5 Pack	EA	\$795.00	\$749.00	\$4,494.00
2	GG-PV-UPS	Powervar 5 Yr Power Filter UPS-POS	EA	\$379.00	\$297.33	\$594.66
8	UU+	Enterprise Private WiFi	EA	\$329.00	\$265.33	\$2,122.64
1	Cis-320	Cisco Router	EA	\$269.00	\$214.67	\$214.67
2	24-NetG	24 Port Netgear Switch 10/100/1000	EA	\$199.00	\$159.99	\$319.98

Your Price: **\$66,040.84**

Total: **\$66,040.84**

Prices are firm until 8/31/2017

Terms: Prepaid Cash or Check, Add 3% for Credit Card

Prepared by: John Gerig, john@sisdd.com**Date:** 6/2/2017

- This quote does not include Michigan Sales Tax
- Credit Card and Gift Card Module No Charge if Processing with Heartland
- Annual Software Subscription Price Based on processing with Heartland
- Network Data Cabling Provided by Customer

ANNUAL SOFTWARE UPDATE SUBSCRIPTION

_____ For next year's subscription I elect to be billed annually. By choosing this option you will be invoiced for 10% of the current POS license on the eleventh month following enrollment in the annual software subscription. Delinquent accounts will forfeit product support until paid in full.

_____ For next year's subscription I elect to pay monthly via ACH. By choosing this option we will collect 1/12th of next years annual subscription monthly in advance beginning on the first month following enrollment.

We the buyer, agree to purchase this system as described in this quote and agree to pay in full for the system and services provided to support the system. An authorized signature on this document by the customer indicates acceptance of this quote and will become a legal contract and notice to proceed.

This sales contract consisting of all signed or initialed documents by customer hereinafter "you") shall become binding only when accepted in writing by an officer of Service Integrated Systems, Inc (hereinafter "SIS"). Your assent to these terms and conditions is conclusively presumed from your signature heron and /or from your signature on the summary page. All quotes are subject to a final review and approval by SIS. If there are any issues or concerns with the scope of work your sales representative will contact you to have those items addressed prior to beginning work on your quote.

It is agreed that the above listed system is sold and purchased conditionally, and that the title to each is reserved to SIS and shall not pass to you until the full purchase price of monies due have been paid and all terms and conditions set forth in this contract have been complied with. This property shall not be resold, pledged mortgaged, removed from the location without written consent of the Seller until contract is paid in full. If you issue a bad check all equipment must be surrendered immediately to the seller. You must pay all outstanding balances due, plus bank fees with a credit card, certified check, or cash in order to proceed. You assume the risk of and agree to indemnify SIS against injury and destruction from any cause whatsoever to the property, after same has been delivered to and installed on the property of you and also any damage by the property to person or property and no such injury, damage or destruction shall excuse payment or other liabilities hereunder. In case of default in the payment of any regular installment or other monies, secured or due hereafter, or breach of any terms or provisions hereof, SIS, at its option, without being limited thereto, may (a) sue for the amount then due hereunder without repossession and without accelerating or otherwise affecting future installments; (b) treat all unpaid installments and other monies which are or may be due hereunder as immediately due and sue therefore; (c) separately there from or concurrently there with pursue any and all other remedies as then be lawful in the premises, including but not

limited to the right to resell the property after repossession and sue for deficiency judgment for any balance due hereunder. All reasonable expenses incident to such repossession or pursuit or other remedies shall be borne by you, including but not being limited to reasonable counsel and court fees. If you do not pay the sums due under this sales contract as and when such sums are due, then SIS shall have and may exercise all rights and remedies available to it at law or in equity, including, without limitation, the immediate right to enter any premises where the products are located and to take possession of the products with or without notice or demand and with or without legal proceedings; in such event, you will pay upon demand a reasonable product rental fee and will reimburse SIS for all expenses that SIS reasonably has incurred including, without limitation, unreimbursed training and installation expenses, attorneys' fees, and court costs. The parties agree that this sales contract and the license terms hereunder constitute an executor contract in accordance with section 365 of the US bankruptcy code; and therefore, in the event you default and file for bankruptcy, this sales contract and the licensing terms of the software products shall terminate unless you cure all defaults. The foregoing rights and remedies are not and shall not be deemed to be Service Integrated Systems, Inc's exclusive remedies.

SIS's rights and obligations under this agreement will inure to the benefit and be binding upon SIS's successors and assignees. The invalidity or unenforceability of any provision of this contract shall not render any other portion of the contract invalid or unenforceable.

This instrument is the entire agreement. Oral changes have no effect. It may be altered only by a written agreement signed by the party against whom enforcement of any waiver, change, modification, extension, or discharge is sought.

Jurisdiction and venue for any claim or cause of action arising under this agreement shall be exclusively in the state courts of Michigan and this agreement shall be governed and construed in accordance with the laws of the state of Michigan.

SIS recommends that all sites with internet connections have a firewall and virus protection software installed on ALL computers. This helps to protect your system from potential viruses, worms, and malicious code.

The down payment amount is a non-refundable payment as reasonable reimbursement for consultation services, site evaluation, system presentation, order processing, installation of equipment and custom programming and you expressly consent thereto. All payments made by credit cards are subject to a 3% surcharge. Service Integrated Systems, Inc. retains title, ownership, and right of possession of the products (defined as all of the products listed within this quote including, without limitation, hardware, software, and services) purchased or licensed hereunder until shipment of the products; upon shipment SIS continues to retain title to the software products, and extends to customer a license for the software products in accordance with the terms of EULA agreement found in the software.

The prices listed in this sales contract include initial programming and training of personnel in the use and operation of the products only when expressly indicated. If SIS is providing training, training will be provided only to customer's employees, and SIS 's sole obligation for training will be to supply a qualified instructor for the designated number of training hours. SIS does not guarantee that, after such training, the trainees will be able to use or operate the products properly. Upon customer request, SIS will provide additional training time beyond the amounts stated in this sales contract at SIS 's then-prevailing rates which do not include standard travel and room and board. All such expenses shall be promptly paid by you upon presentation of receipts and invoices.

Customer is solely responsible for installation of the requisite AC power lines. SIS does not provide cabling service, and shall not be responsible for the inspection of such electrical installation. Customer acknowledges and agrees that SIS's warranty is conditioned upon customer's providing environmental and operating conditions conforming to SIS's specifications.

Title, ownership and right to possession of the equipment listed on this contract shall remain with SIS until all sums due under this contract are paid. This document is a security agreement allowing us to file a UCC-1 financing statement if any moneys are still owed after installation. If payment is not made when due, or on other breach by you, SIS has the right to enter or to network into any premises where the equipment is located and take possession of or disable the equipment without demand and without the necessity of resorting to legal process. Your signature hereunder expressly grants permission to SIS personnel or agents for such entry or disablement and you agree not to interfere with and to cooperate in such removal and to pay for all reasonable expenses, including legal fees.

Upon breach of payment or of other terms, you also agree to pay, a reasonable equipment rental fee for the equipment

during its use and all expenses which have been incurred by SIS including, but not limited to, attorney's fees, court costs, training and installation expenses and removal expenses. You shall also pay to SIS interest at a rate of 1.5% per month on any unpaid balances that are 30 days overdue.

SIS is not liable for any delay in delivery or failure to deliver caused by unavailability of materials, strike or other labor related difficulties, interruption of production for mechanical or technical reasons, government or court order, your failure to pay in accordance with this agreement, or force majeure.

All claims for shortage or for damage occurring prior to delivery shall be deemed waived unless made in writing and delivered to SIS within ten days of delivery of the equipment to you. All risk of loss or damage to equipment after delivery from any cause whatsoever shall be borne by you. This is the only warranty made as to this installation and is in lieu of all other warranties, expressed, implied, or statutory, including the warranty of merchantability or fitness for a particular purpose. In no event shall SIS or its employees be liable for any loss of profits, opportunity, loss of use or other direct, indirect, incidental, punitive or consequential damages including those associated with improper, under calculated or under-accrued taxes or government levies. SIS is not responsible for and disclaims any liability associated with failure to process credit card transactions and for any and all PCI/DSS/PABP compliancy violations, fines, judgments or penalties assessed against you. Customer acknowledges that the software purchase herein is subject to the terms conditions and limitations contained in the software manufacturers' licensing agreements, which are not transferable nor assignable.

Warranty is void if you are on "no service" status for non-payment.

Warranty coverage will not be extended for repairs made necessary by damage due to fire, water, wind, rain, storm, lightning, blackout, burglary, power line fluctuations, spillage, accident, negligence, abuse, acts of God, acts of terror or the installation or downloading by you, your licensees, employees, agents, or 3rd parties of software of any kind. The warranty specifically excludes damage to the printer heads or motors caused by paper jams or insertion of foreign objects between the printer head and the print surface. Any repairs resulting from such causes will be performed at additional charge to you only after your prior written approval of estimated costs to repair. SIS assumes no responsibility for the repair or maintenance of any type of communication lines or related equipment, which may be required for SIS to provide remote support. SIS reserves the right to bill you for on-site service calls made necessary as a result of communication line or equipment malfunctions which prevent SIS from using remote support software.

SIS has the right to terminate this contract, or to delay shipment pursuant thereto, by reason of the filing of bankruptcy or insolvency proceedings against you, breach by you of any of the terms of this contract and your failure to make payments in accordance with the payment schedule, if any, set forth elsewhere in this right to terminate this contract in the event of your assignment of this contract without advance written approval by SIS.

Payment Schedule:

50% Deposit is due at signing of contract

50% Final Payment is due at delivery (or remote installation)

If paying with a lease or Funmunki all financial arrangements must be secured prior to delivery.

Rush installations are available for additional fees.

Accepted by: _____ **Date:** _____

Disclaimer

IMPORTANT ITEM #1 - Programing for the new MasterCard is in DD version 7.4.3110 and beyond. The compliance deadline to avoid penalties is June 30, 2017.

IMPORTANT ITEM #2 - Microsoft security updates require .Net 4.5. Windows XP generation operating systems do not support .Net 4.5. DD version 7.4.3200 and beyond require .Net 4.5 and will not load on a Windows XP generation computer. If any of the computers on your DD system are Windows XP generation your DD software cannot be upgraded beyond version 7.4.3200.

Date: June 13, 2017
To: Honorable Mayor and City Commissioners
From: Ann Marie Meisch, City Clerk
**RE: Community Relations Committee Recommendation for
Commission Opening**

SUMMARY OF REQUEST: To concur with recommendations from the Community Relations Committee regarding the appointment by City Manager, Frank Peterson, of Jonathan Wilson to the Housing Commission.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None

STAFF RECOMMENDATION: To accept the recommendation made by the Community Relations Committee of Frank Peterson to appointment Jonathan Wilson to the Housing Commission.

COMMITTEE RECOMMENDATION: To accept the appointment by Frank Peterson of Jonathan Wilson to the Housing Commission.

Date: June 7, 2017
To: Honorable Mayor and City Commissioners
From: City Manager
RE: Transmittal of 2017-18 Proposed Budget

SUMMARY OF REQUEST: At this time staff is transmitting to the City Commission the proposed budget for fiscal year 2017-18 which starts July 1, 2017. An electronic version of the budget has been distributed to Commissioners. Additionally, the budget is available for public inspection on the City's website and at the City Clerk's office or Hackley Public Library.

The proposed budget will be reviewed in detail with staff at the June 12th Worksession. A public hearing on the budget will be held at the regular Commission meeting the following evening on June 13th. City ordinance requires that the budget be adopted by the Commission on or before the second Commission meeting in June.

FINANCIAL IMPACT: The budget is the City's financial plan for the coming fiscal year.

BUDGET ACTION REQUIRED: None at this time.

STAFF RECOMMENDATION: Approval of the proposed budget for fiscal year 2017-18.

Commission Meeting Date: June 13, 2017

Date: June 5, 2017
To: Honorable Mayor and City Commissioners
From: Finance
RE: Defined Benefit Plan Amortization Extension Agreement

SUMMARY OF REQUEST: To approve the attached Defined Benefit Plan Amortization Extension Agreement to extend the amortization periods for funding the unfunded accrued liability for the provision of the City's defined benefit pension benefits through MERS. The extension of the amortization periods will assist the City by reducing significant financial stress to the budget in coming years.

FINANCIAL IMPACT: It is estimated that the City's required contribution rate for the first year (fiscal year 2017-18) would decrease by over \$304,000.

BUDGET ACTION REQUIRED: Future budgets will be reflective of this change.

STAFF RECOMMENDATION: To approve the attached Defined Benefit Plan Amortization Extension Agreement and authorize the Mayor to sign the agreement.

Amortization Extension Agreement

This Amortization Extension Agreement ("Agreement") is entered into between the Municipal Employees' Retirement System of Michigan ("MERS") and City of Muskegon ("Employer") (together, "Parties") to memorialize the agreement and representations of the parties concerning an extension of the period of Employer's amortization schedule.

Accordingly, the Parties agree as follows:

- 1. UAL Defined:** As used in this Agreement, the term UAL shall mean the outstanding balance remaining as of 12/31/2015 (date of last annual valuation) of the Employer's unfunded accrued liability for provision of defined benefit pension benefits through MERS as determined by MERS' actuaries.
- 2. Purpose:** In the exercise of its one-time opportunity to do so as provided by MERS, Employer has requested that MERS grant it an extension of the period in which its UAL is amortized to assist with the employer's need to address significant financial stress.
- 3. MERS' Analysis:** In response to Employer's request and in accordance with MERS' procedures, MERS has discussed its conclusions with Employer, and Employer is in agreement with MERS' conclusions (report attached).
- 4. Representations and Understandings of Employer:**
 - a. The information Employer provided to MERS in the course of and for purposes of MERS' analysis was complete and accurate to the best of Employer's ability.
 - b. Notwithstanding anything herein to the contrary, the Employer understands that MERS reserves the right to change the amortization policy in the future, including that included in this Agreement, if it is deemed necessary for the financial security of the benefits provided by the Employer.
 - c. Employer understands that MERS has advised that compliance with the existing amortization schedule is preferred, and that extending amortization as requested is not in full conformity with MERS' goals of earliest full funding and intergenerational equity.
 - d. Employer has made and will continue to make payment of its retirement costs, including UAL toward full funding, a priority in its annual and long-term budgeting and planning processes.
 - e. Employer understands that extending the amortization period for its current UAL has the effect of deferring current costs to the future, with the result that in the later years of the amortization, the Employer's UAL will be higher and the Employer's total required contributions will be higher than they would otherwise have been.
 - f. Employer understands, with respect to its request and otherwise, that future required contributions depend on the actual investment and demographic experience, and not on the assumptions used to develop the projected contributions considered in this Agreement.
- 5. Conclusion and Decision of MERS:** Based on the foregoing analysis and representations of Employer, MERS approves Employer's request with the following terms and conditions, with which Employer agrees:

- a. MERS shall extend Employer's amortization period with respect to its UAL as followed:
- Division #01 (Non-Union General): UAL to be extended by 5 years (from a 9-yr to a 14-yr amortization) such that its UAL is projected to be fully amortized under current actuarial assumptions and demographic projections by 06/30/2031 (end of the applicable fiscal year).
 - Division #10 (General Ret.) & division #20 (PLC/Fire Ret.): UAL to be extended by 2 years (from a 9-yr to an 11-yr amortization) such that its UAL is projected to be fully amortized under current actuarial assumptions and demographic projections by 06/30/2028 (end of the applicable fiscal year).
 - Division #22 (Police Comm.): UAL to be extended by 11 years (from a 14-yr to a 25-yr amortization) such that its UAL is projected to be fully amortized under current actuarial assumptions and demographic projections by 06/30/2042 (end of the applicable fiscal year).
 - Divisions #02 (Non-Union Police), #11 (Clerical), #12 (DPW 517M), #21 (Police Patrol) & #50 (FF Local 370): UAL to be extended by 16 years (from a 9-yr to a 25-yr amortization) such that its UAL is projected to be fully amortized under current actuarial assumptions and demographic projections by 06/30/2042 (end of the applicable fiscal year).
- b. The extension stated above is based on the provisions in effect in the specified division(s) as of the most recent Annual Actuarial Valuation. The projection analysis also reflected the following changes *since* the 12/31/2015 Annual Valuation:
- Divisions #01, #12 & #21: Bridged Benefit multiplier adopted
 - Divisions #02 & #11: Lump sum additional contribution payment made in October 2016.
- c. The Employer understands that if changes are made to the provisions used in the projection analysis, MERS may require that an updated analysis be prepared to ensure the continued sustainability of the plan as described in Section 4(b) of this Agreement.
- d. This Agreement has been authorized by formal action of Employer's governing body.
- e. Representatives of MERS presented and explained the actuarial analysis that forms the basis of this Agreement and the full impact of Employer's request to Employer on May 8, 2017, and responded to all of Employer's questions to Employer's satisfaction.

Adopted by the Employer's governing body and MERS on this day of June 13, 2017

FOR EMPLOYER

Signature
Stephen J. Gawron

Printed name
Mayor

Title

(check one):

☒ Authorized designee of the governing body of the Employer

☐ Chief Judge of the Court

Date: 6/13/2017

FOR MERS

Signature

Printed name

Title

Date: _____

6116 - Muskegon, City of
Comparison of Annual Employer Contribution Requirements
by Division For Fiscal year 2017

<u>Division</u>	<u>Amortization Extension</u>	<u>Amortization Extension</u>
	<u>Phase-in Rates</u>	<u>Full Impact Rates</u>
01	\$ 199,488	\$ 235,440
02	\$ -	\$ -
10	\$ 242,112	\$ 300,096
11	\$ 37,212	\$ 43,404
12	\$ 77,700	\$ 87,972
20	\$ 552,384	\$ 670,272
21	\$ 160,764	\$ 160,764
22	\$ 211,524	\$ 244,548
<u>50</u>	<u>\$ 286,956</u>	<u>\$ 330,252</u>
Total	\$ 1,768,140	\$ 2,072,748

Disclosure Statement

This document is not an actuarial report nor are the contribution amounts or rates certified by an actuary. The contribution amounts and rates in this document are estimates (not actual contribution amounts or rates) and are for illustrative purposes only. Neither the employer, nor any other party receiving or reviewing this letter may rely on these calculations as indicative of future contribution amounts or rates. By requesting and accepting this document, the employer agrees that MERS shall have no liability arising out of the provisions of these amounts and rates, and agrees to indemnify MERS for any liability arising from same due to the provision of this letter or any information therein to any other party or individual. Pursuant to MCL 38.1140h and Section 46 of the MERS Plan Document, there must be a supplemental actuarial analysis conducted before any proposed benefit change is implemented.

**Municipal Employees Retirement System of Michigan
Muskegon, City of (6116) - Total of All Divisions
Estimated Projection Results of Employer Contributions and Funded Ratios - 7.75% Assumed Annual Market Return**

Scenario 1: Current Amortization with Phase-In						Scenario 2: 11 Years for Divisions 10 & 20, 14 Years for Division 01, and 25 Years for Divisions 02, 11, 12, 21, 22, & 50, with Phase-In			Scenario 3: Current Amortization without Phase-In			Scenario 4: 11 Years for Divisions 10 & 20, 14 Years for Division 01, and 25 Years for Divisions 02, 11, 12, 21, 22, & 50, without Phase-In		
Valuation Year Ending December 31,	Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Valuation Assets	Funded Ratio	Total Employer Contribution	Valuation Assets	Funded Ratio	Minimum Employer Contribution	Valuation Assets	Funded Ratio	Total Employer Contribution	Valuation Assets	Funded Ratio	Minimum Employer Contribution
2015	2017	105,616,467	90,550,456	86%	2,164,680	90,550,456	86%	1,768,140	90,550,456	86%	2,599,128	90,550,456	86%	2,072,748
2016	2018	108,204,000	90,105,000	83%	3,016,000	90,105,000	83%	2,310,000	90,105,000	83%	3,288,000	90,105,000	83%	2,501,000
2017	2019	110,771,000	89,708,000	81%	4,051,000	89,486,000	81%	2,868,000	89,950,000	81%	4,167,000	89,656,000	81%	2,950,000
2018	2020	113,150,000	89,416,000	79%	4,731,000	88,587,000	78%	3,438,000	90,052,000	80%	4,705,000	89,033,000	79%	3,420,000
2019	2021	115,283,000	89,676,000	78%	5,432,000	87,819,000	76%	4,010,000	90,543,000	79%	5,280,000	88,427,000	77%	3,904,000
2020	2022	117,149,000	93,055,000	79%	5,626,000	89,770,000	77%	4,151,000	94,032,000	80%	5,470,000	90,455,000	77%	4,042,000
2021	2023	118,707,000	96,855,000	82%	5,850,000	91,926,000	77%	4,317,000	97,810,000	82%	5,689,000	92,596,000	78%	4,204,000
2022	2024	119,898,000	101,586,000	85%	2,931,000	94,772,000	79%	4,415,000	102,456,000	85%	2,765,000	95,382,000	80%	4,298,000
2023	2025	120,670,000	106,445,000	88%	2,984,000	97,540,000	81%	4,524,000	107,218,000	89%	2,811,000	98,082,000	81%	4,402,000
2024	2026	121,017,000	109,849,000	91%	3,049,000	100,229,000	83%	4,642,000	110,512,000	91%	2,869,000	100,693,000	83%	4,516,000
2025	2027	120,934,000	111,618,000	92%	2,648,000	102,822,000	85%	4,703,000	112,155,000	93%	2,472,000	103,198,000	85%	4,579,000
2026	2028	120,452,000	113,234,000	94%	2,167,000	105,382,000	87%	2,865,000	113,629,000	94%	2,055,000	105,660,000	88%	2,787,000
2027	2029	119,598,000	114,506,000	96%	1,554,000	107,941,000	90%	2,291,000	114,748,000	96%	1,502,000	108,110,000	90%	2,255,000
2028	2030	118,341,000	115,122,000	97%	938,000	109,478,000	93%	1,712,000	115,233,000	97%	925,000	109,556,000	93%	1,703,000
2029	2031	116,691,000	114,957,000	99%	322,000	109,620,000	94%	857,000	114,991,000	99%	325,000	109,644,000	94%	858,000
2030	2032	114,703,000	113,960,000	99%	220,000	108,995,000	95%	774,000	113,963,000	99%	222,000	108,997,000	95%	776,000
2031	2033	112,410,000	112,122,000	100%	88,000	107,452,000	96%	667,000	112,120,000	100%	88,000	107,451,000	96%	667,000
2032	2034	109,836,000	109,689,000	100%	73,000	105,222,000	96%	673,000	109,689,000	100%	73,000	105,222,000	96%	673,000
2033	2035	106,999,000	106,906,000	100%	62,000	102,681,000	96%	684,000	106,906,000	100%	62,000	102,681,000	96%	684,000
2034	2036	103,934,000	103,841,000	100%	47,000	99,901,000	96%	698,000	103,842,000	100%	47,000	99,901,000	96%	698,000
2035	2037	100,669,000	100,580,000	100%	40,000	96,969,000	96%	716,000	100,580,000	100%	40,000	96,969,000	96%	716,000
2036	2038	97,232,000	97,145,000	100%	34,000	93,916,000	97%	736,000	97,146,000	100%	34,000	93,916,000	97%	736,000
2037	2039	93,646,000	93,560,000	100%	29,000	90,770,000	97%	758,000	93,561,000	100%	29,000	90,771,000	97%	758,000
2038	2040	89,932,000	89,849,000	100%	25,000	87,558,000	97%	779,000	89,850,000	100%	25,000	87,558,000	97%	779,000
2039	2041	86,125,000	86,045,000	100%	21,000	84,319,000	98%	804,000	86,046,000	100%	21,000	84,320,000	98%	803,000
2040	2042	82,251,000	82,175,000	100%	18,000	81,085,000	99%	17,000	82,175,000	100%	18,000	81,086,000	99%	17,000
2041	2043	78,332,000	78,259,000	100%	16,000	77,883,000	99%	14,000	78,259,000	100%	16,000	77,883,000	99%	14,000
2042	2044	74,392,000	74,322,000	100%	15,000	74,323,000	100%	14,000	74,322,000	100%	15,000	74,323,000	100%	14,000

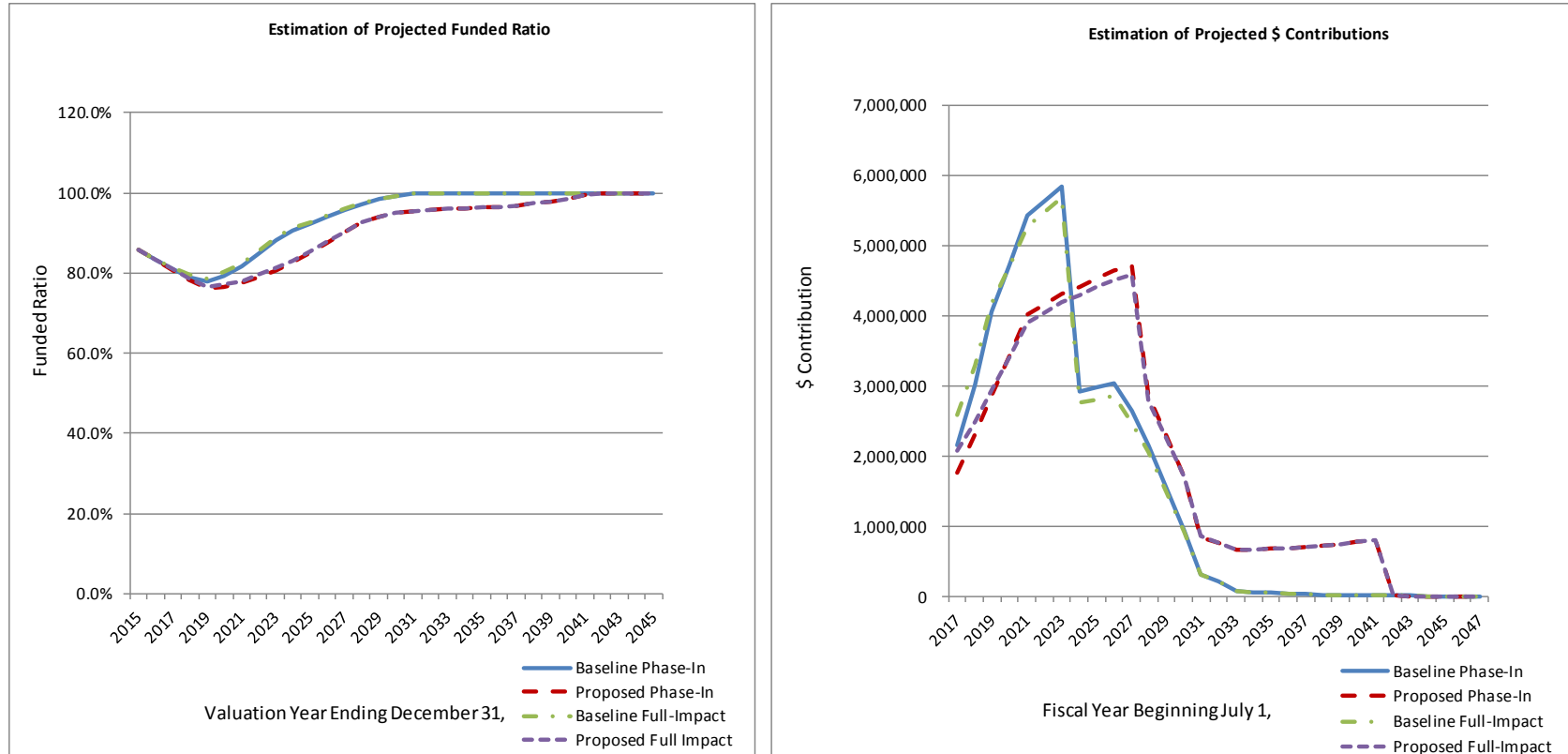
Notes:

- (1) The Actuarial Accrued Liability, Valuation Assets, and Funded Ratio are calculated as of December 31.
- (2) Contributions are calculated for the applicable fiscal year.
- (3) The impact of the assumption changes is phased-in over a 5 year period. This phase-in is reflected in scenarios 1 and 2, however scenarios 3 and 4 reflect the full impact of the new assumptions.
- (4) Scenarios 1-4 reflected the additional assets contributed to divisions 02 and 11 on 9/30/2016, and the bridged multiplier adopted since the valuation date for divisions 01, 12, and 21.

Disclosure Statement

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**Municipal Employees' Retirement System of Michigan
Muskegon, City of (6116) - Total of All Divisions
7.75% Assumed Annual Market Return**



Scenario 1: Current Amortization with Phase-In

Scenario 2: 11 Years for Divisions 10 & 20, 14 Years for Division 01, and 25 Years for Divisions 02, 11, 12, 21, 22, & 50, with Phase-In

Scenario 3: Current Amortization without Phase-In

Scenario 4: 11 Years for Divisions 10 & 20, 14 Years for Division 01, and 25 Years for Divisions 02, 11, 12, 21, 22, & 50, without Phase-In

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CBIZ Retirement Plan Services

CBIZ Benefits & Insurance Services, Inc.
17199 Laurel Park North, Ste. 405
Livonia, MI 48152
<http://retirement.cbiz.com>

Municipal Employees' Retirement System of Michigan

**Alternate Amortization Study
City of Muskegon (6116)**



CBIZ Retirement Plan Services

CBIZ Benefits & Insurance Services, Inc.
17199 Laurel Park North, Ste. 405
Livonia, MI 48152
<http://retirement.cbiz.com>

April 27, 2017

In care of:
Municipal Employees' Retirement
System of Michigan
1134 Municipal Way
Lansing, Michigan 48917

The purpose of this report is to determine whether it is reasonable to extend the period over which the Unfunded Accrued Liability as of December 31, 2015 (the "UAL") is amortized, for participants covered by the MERS Defined Benefit plan sponsored by City of Muskegon (6116). The City is requesting the following analysis:

- **Baseline** – this is the current amortization policy that was used in the December 31, 2015 annual valuation.
- **Option 1** – the amortization period for the UAL as of December 31, 2015 is extended to the maximum allowable, up to 25 years for closed divisions 01, 02, 10, 11, 12, 20, 21, 22 and 50. The amortization period declines by one each year until the UAL is fully paid.

Our analysis was prepared in the context of the MERS Defined benefit plan only. Any additional analysis regarding the financial condition of the employer is outside the scope of this project and is not our area of expertise.

This report should not be relied upon for any other purpose. Reliance on information contained in this report by anyone for anything other than the intended purpose could be misleading.

The information in this report is purely actuarial in nature. It is not intended to serve as a substitute for legal, accounting, and investment advice.

This report was prepared at the request of MERS and the municipality and may be provided only in its entirety by the municipality to other interested parties. CBIZ Retirement Plan Services is not responsible for the consequences of any unauthorized use.

The results of this analysis and the conclusions drawn, are based on the unique participant data, benefit provisions, and funded status of the City of Muskegon. Because each MERS municipality is unique in these respects it is inappropriate to apply the conclusions in this report to another municipality.

Background on Funding Policy

Sponsors of Defined Benefit plans in Michigan are required by law to prefund the pension benefits provided to covered members. Prefunding in the MERS plan is accomplished by requiring an annual contribution made up of two components:



CBIZ Retirement Plan Services

CBIZ Benefits & Insurance Services, Inc.
17199 Laurel Park North, Ste. 405
Livonia, MI 48152
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- The Normal Cost, covering the cost of the benefits earned by active members during the year, and
- An amortization payment, covering the annual payment necessary to pay off the UAL over a period of years.

The UAL is the difference, on the valuation date, between the liability attributable to benefits that have already been earned (the Accrued Liability) and the assets in the fund. This difference can be positive (Accrued Liability exceeds the assets), or negative (assets exceed the Accrued Liability).

UAL can develop for a number of reasons, including actual experience being different than assumed, benefit increases that apply to service already earned, and changes in assumptions (this list is not all-inclusive). A detailed discussion of the causes of the UAL as of December 31, 2015 for the City of Muskegon is beyond the scope of this assignment, and has not been prepared.

A funding policy is a mechanism for developing contributions that, when combined with investment earnings, will accumulate enough assets to pay the benefits promised. Funding policy is set by the MERS Retirement Board based on recommendation by the actuaries. While the ultimate goal of a funding policy is to develop a contribution pattern sufficient to ensure all promised benefits are paid, specifics of the policy (including the length of the amortization period) were designed to balance the Board's stated goals of contribution adequacy, inter-period equity and transparency, and a desire for contribution stability.

The goal of adequacy is to produce contributions that are expected to be sufficient to pay for benefits under a broad range of possible future outcomes. Inter-period equity encompasses both the idea that the cost of the benefits earned by workers should be paid by the generation of taxpayers that received the services provided by those workers, and the concept that the cost of benefits remain consistent between generations of taxpayers.

It is also important to remember that retirement plans, by their nature, are exposed to certain risks. While risks cannot be eliminated entirely, they can be mitigated through various strategies. Below are a few examples of risk (this is not an all-inclusive list) that retirement plans are exposed to:

- Economic – investment return, wage inflation, etc.
- Demographic – longevity, disability, retirement, etc.
- Plan Sponsor and Employees – contribution volatility, ability to make required contributions, etc.

The assumptions and methods adopted by the MERS Retirement Board based on the last Experience Study, including the funding policy, are designed to mitigate some of these risks. An Experience Study is completed every five years to review the assumptions and methods. The next Experience Study will be completed in 2020.



Request for Extension of the Amortization Period

The City of Muskegon has requested an amortization extension study for the UAL as of December 31, 2015. The amortization extension request is described earlier in this letter under Option 1.

Extending the amortization period does not alter the promised benefits, and so does not change the ultimate cost of providing those benefits. It does lower contribution levels in the short term, by extending the period of time over which the contributions are required to be made. Therefore, extending the amortization period is a deferral of contributions to future years.

Extending the amortization period does not improve the funding goal of adequacy, and runs counter to the goal of intergenerational equity. Lengthening the amortization period means missed opportunities for investment earnings, puts a greater burden on future taxpayers, and reduces the financial security for members covered under the plan.

Analysis

We have prepared projections of the current funding policy and the policy amended by the requested extension, using the following:

- The same benefits that were used in preparing the December 31, 2015 annual actuarial valuation report, except that the projections reflect the adoption of bridged benefits for divisions 1, 12 and 21 subsequent to the valuation date. In addition, the projections include the impact of additional City contributions made in October 2016 into divisions 2 and 11.
- Current valuation assumptions (except where otherwise noted), and an assumed annual return on the market value of assets of 7.75%. The results of these projections are shown on page 7 of this report.
- An assumption that the long term asset return will be 6.75%. Liabilities were based on a 6.75% discount rate, to reflect the lower asset return in this scenario. This scenario was chosen to illustrate the impact of the extended amortization if future asset returns are lower than currently assumed. The results of this scenario can be found on page 8. Note that the assumptions used in this scenario were chosen to reflect the level of contributions required if future asset returns are lower than assumed for an extended period of time. The 6.75% assumption is just one of many assumptions of the future that could be used; it is not intended to be reflective of a best estimate of future experience. Different assumptions would produce different results.
- The calculations reflect the phase-in of the impact of the new assumptions.

In addition, we also analyzed the following statistics for each division in order to reach our conclusion:



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<http://retirement.cbiz.com>

- Ratio of retiree AAL to total AAL as of December 31, 2015
- Average age of retirees and average age of actives as of December 31, 2015
- Net cash-flow of the plan during the projection period.

The relevant results of our analysis include the following:

- Under Option 1 the UAL as of December 31, 2015 is fully paid off over a longer period than under the Baseline, as expected.
- Projected contribution amounts under the alternate asset return scenario are higher than under the 7.75% return scenario, because lower investment earnings require higher contributions to fund the same level of benefits.
- Reflecting the benefit changes and additional contributions described above, the plan is 86% funded based on the valuation assets (smoothed assets). Unless offset by larger than expected asset returns, this funded ratio is expected to decline over the next several years until the past asset losses are fully reflected in the valuation assets. Under the Baseline, the funded ratio for City in total does not rise above the current level for 7 years. Under Option 1, the funded ratio for the City in total does not rise above the current funded level for about 11 years.
- Division 1 is 88% funded as of December 31, 2015, however nearly two-thirds of this liability is associated with inactive participants. The division is mature and in a negative cash flow position. The maximum amortization period approved for this division is 14 years.
- Division 10 is 76% funded as of December 31, 2015. It contains only inactive members, with an average retiree age of 78. The liability associated with the retirees is only 78% funded. The division is mature and in a negative cash flow position. The maximum amortization period approved for this division is 11 years.
- Division 20 is 71% funded as of December 31, 2015. It contains only inactive members, with an average retiree age of 76. The liability associated with the retirees is only 71% funded. The division is mature and in a negative cash flow position. The maximum amortization period approved for this division is 11 years.
- Divisions 2, 11, 12, 21, 22 and 50 are between 82% and 103% funded as of December 31, 2015. The retiree liability for these divisions is fully funded. The divisions that are less than 100% funded have more active members than inactive participants, resulting in a relatively long future life expectancy. Because of these factors the maximum approved amortization extension for these divisions is 25 years.



Conclusion

The actuaries recommended, and the MERS Retirement Board adopted, the current funding policy as a result of the 2015 Experience Study. Extending the amortization period runs counter to current best practices in the Public Plan community and is an exception to the current MERS funding policy.

Based on the results of this analysis, the actuaries approve the following extensions to the amortization periods:

Division	Current Period (years)	Extended Period (years)
1	9	14
2	9	25
10	9	11
11	9	25
12	9	25
20	9	11
21	9	25
22	14	25
50	9	25

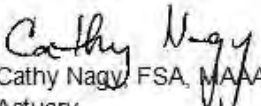
Ultimately, whether the plan accumulates enough assets to pay the benefits promised will depend, among other things, upon the plan sponsor's and the members' ability to make the contributions. If the plan sponsor makes at least the required minimum contributions the plan is expected to pay the benefits promised if future experience is in line with the actuarial assumptions used.

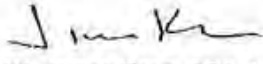
MERS staff and the actuaries will monitor the funding progress of all divisions. While not currently anticipated, the actuaries may recommend changes to the amortization policy in the future if it is deemed necessary for the financial security of the benefits promised under this plan.

The undersigned are members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you need further information to make an informed decision, please contact MERS at (800) 767-6377 for assistance.

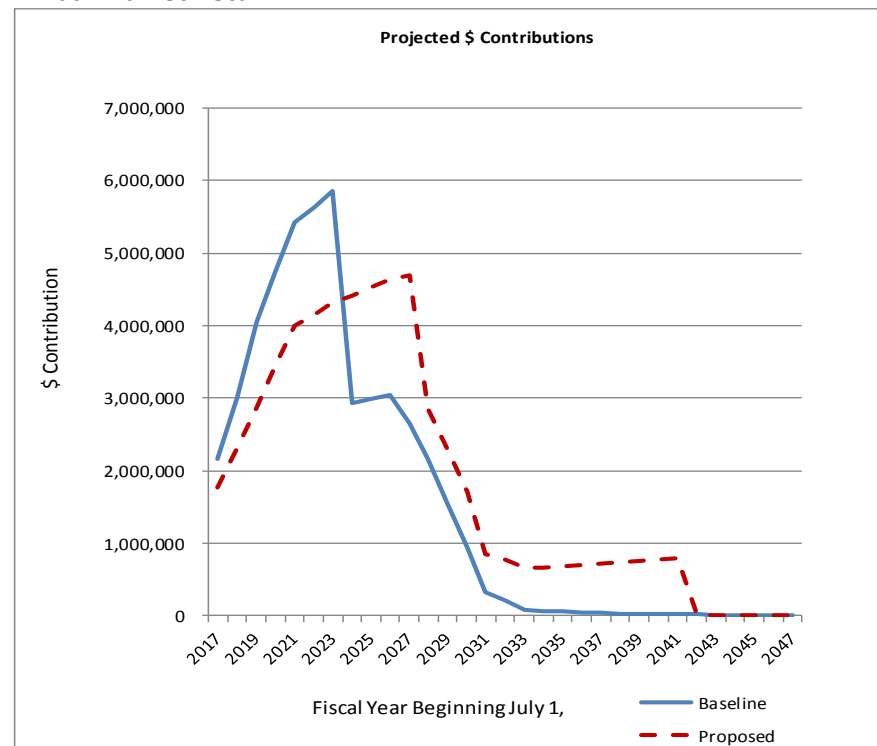
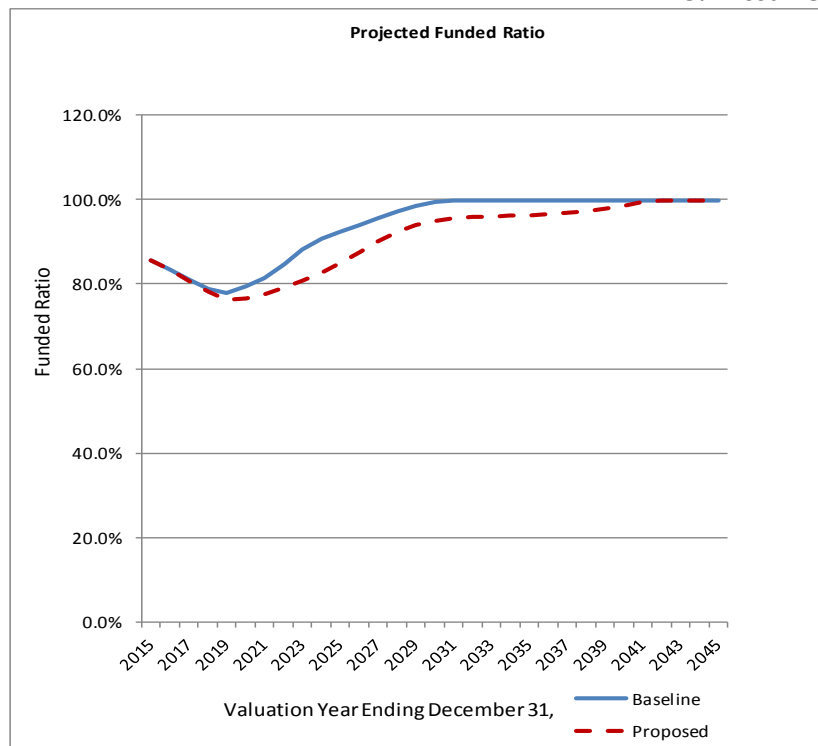
Sincerely,


Cathy Nagy, FSA, MAAA
Actuary


W. James Koss, ASA, MAAA
Actuary



**Municipal Employees' Retirement System of Michigan
 Muskegon, City of (6116) - Total of All Divisions
 7.75% Assumed Annual Market Return**

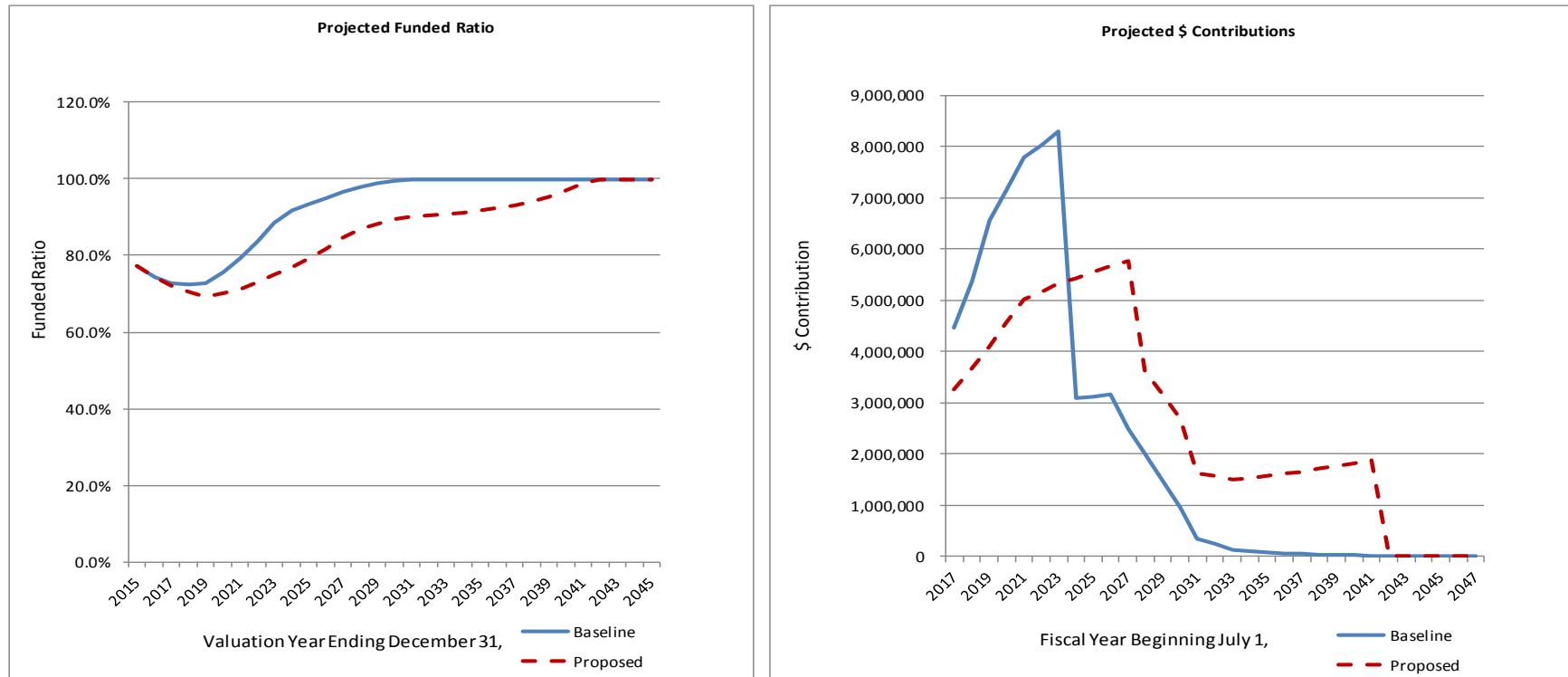


Current Amortization

Alternate Amortization - 11 Years for Divisions 10 & 20, 14 Years for Division 01, and 25 Years for Divisions 02, 11, 12, 21, 22, & 50



**Municipal Employees' Retirement System of Michigan
 Muskegon, City of (6116) - Total of All Divisions
 6.75% Assumed Annual Market Return**



Current Amortization

Alternate Amortization - 11 Years for Divisions 10 & 20, 14 Years for Division 01, and 25 Years for Divisions 02, 11, 12, 21, 22, & 50



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Important Comments

1. The results are based on information provided by the municipality and MERS. The actuary is unaware of any additional information that would impact these results.
2. The calculations in this report were prepared based on December 31, 2015, demographic and financial information unless noted elsewhere in the report.
3. The valuation date is December 31, 2015.
4. Please note, the assumptions and methods used in these calculations are consistent with those used in the December 31 2015, Annual Actuarial Valuation (except where noted otherwise) and are summarized in an Appendix. This Appendix is located on the MERS website at www.mersofmich.com.
5. The following information, assumptions and funding methods were used in the projections:
 - a. Demographic, financial information and benefit provisions provided by MERS for the December 31, 2015 annual valuation.
 - b. The assumptions and methods used in the December 31, 2015 annual valuation, except where noted otherwise.
 - c. All demographic assumptions will be met during the projection period.
 - d. There will be no benefit changes during the projection period.
6. If the user of this report is not sure how to interpret certain results in the report or how to read the report, they should contact MERS at (800) 767-6377 before relying on the results of this report.



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Additional Disclosures Required by Actuarial Standards of Practice

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determination of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The calculation was based upon information furnished by the Employer and MERS administrative staff, concerning Retirement System benefits and member information. CBIZ Retirement Plan Services is not responsible for the accuracy or completeness of the information provided to us for these calculations.

The developed findings included in this report consider data or other information through December 31, 2015, except where otherwise noted.

Commission Meeting Date: June 13, 2017

Date: June 8, 2017
To: Honorable Mayor and City Commissioners
From: Planning & Economic Development
**RE: Request for approval of a Planned Unit Development at
former Nims School**

SUMMARY OF REQUEST:

Request for Final Planned Unit Development (PUD) approval at the former Nims School located at 1161 W Southern Ave by Avasure, LLC. This project will reutilize the building as a number of uses; including offices, research and development and a business incubator.

FINANCIAL IMPACT:

None

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Staff recommends approval of the final PUD.

COMMITTEE RECOMMENDATION:

The request was unanimously approved at the May 22 Special Planning Commission meeting.

PLANNING COMMISSION STAFF REPORT EXCERPT

SUMMARY

1. Nims Elementary School closed in 2012 and has sat vacant since that time.
2. Since this is a very large building and there are several uses requested, the best option for reusing this property is a Planned Unit Development (PUD). The underlying zoning of this property is R-1, Single Family Low Density Residential District.
3. This PUD is being proposed by AvaSure, the potential buyers of the property. They are proposing the following uses on site (please see the enclosed floor plans):

- AvaSure Offices

AvaSure will expand its office space into the Nims facility. The expansion is needed due to new products, services and markets already in development such as the Telemedicine market, the international market, the patient monitoring as a service market, the long-term care market and potentially other use markets such as education. In addition to the expansion of the current AvaSys market, due to the expectation of growth into these new products, services and markets, AvaSure will need to add employees in a host of roles including division heads, product managers, market managers, sales positions, product marketing managers, engineers, both clinical and technical deployment experts, project managers, new product testers, technicians and other different kinds of office personnel. They are expected to hire 100-150 new employees over the next five years.

- Innovation, Research, Mentoring Center (Research & Development)

As part of a commitment to the community, AvaSure will open & develop an Innovation, Research & Mentoring Center at the Nims location. This center will support some of the new AvaSure ideas that will eventually be brought to market. It will also support the owners interest in developing non-AvaSure innovative ideas. These ideas are pursuant to the free enterprise ideals of job creation and community development. The center will also be designed to allow community collaboration and involvement in ideas pursuant to either free enterprise or a common good. These innovations could be technology based or non-technology based. They could be products or services. The owner has already received interest from the entities within the community to sublease some of this space for their ideas. These innovations are meant to create new commercial activity with a goal to be located within the Muskegon community area. The aim of the Center will also be to develop community based innovation & excitement through prized based competitions for the best innovation ideas from the area.

- Multi-Tenant Commercial / Business Incubator

As a follow-on to the Innovation Center, this facility will provide limited

space for early stage small commercial startup businesses. These businesses would include commercial office and assembly (which would include the usage of power tools and small machinery that would not to exceed a 110V draw on power. Any heavier equipment based will be located offsite).

- Community Urban Garden

Beginning in 2018, and in conjunction with Community encompass, the Nims grounds will be in part developed into a commercial urban garden.

- Community Ball Parks

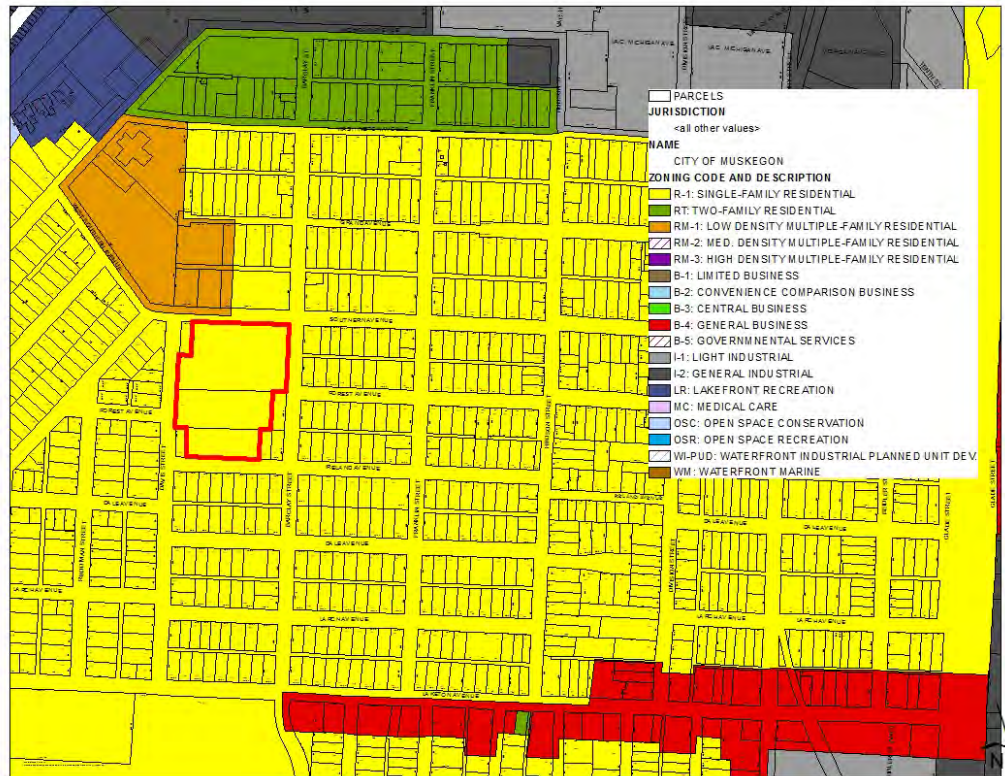
AvaSure intends to preserve one ball diamond backstop and the soccer goals on the grounds for community use.

Former Nims School



Zoning

Map



Aerial Map



CITY OF MUSKEGON

RESOLUTION #2017-

RESOLUTION FOR FINAL PLANNED UNIT DEVELOPMENT APPROVAL FOR 1161 W SOUTHERN AVE.

WHEREAS, a petition for a Planned Unit Development was received to for a mixed-use development at the former Nims School at 1161 W Southern Ave; and,

WHEREAS, a planned unit development will allow for mixed-use development; and,

WHEREAS, proper notice was given by mail and publication and public hearings were held by the City Planning Commission and by the City Commission to consider said petition, during which all interested persons were given an opportunity to be heard in accordance with provisions of the Zoning Ordinance and State Law; and

WHEREAS, the Planning Commission and staff have recommended approval of the Preliminary and Final Planned Unit Development and associated site plan; and

NOW, THEREFORE, BE IT RESOLVED that the recommendation by staff and the Planning Commission be accepted and the preliminary and final Planned Unit Development is hereby approved.

Adopted this 13th day of June, 2017

Ayes:

Nays:

Absent:

By: _____
Stephen J. Gawron
Mayor

Attest: _____
Ann Marie Cummings
Clerk, City of Muskegon

CERTIFICATE (Final PUD 1161 W Southern Ave)

The undersigned, being the duly qualified clerk of the City of Muskegon, Muskegon County, Michigan, does hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Muskegon, at a regular meeting of the City Commission on the 13th day of June, 2017, at which meeting a quorum was present and remained throughout, and that the original of said ordinance is on file in the records of the City of Muskegon. I further certify that the meeting was conducted and public notice was given pursuant to and in full compliance with Act No. 267, Public Acts of Michigan of 1976, as amended, and that minutes were kept and will be or have been made available as required thereby.

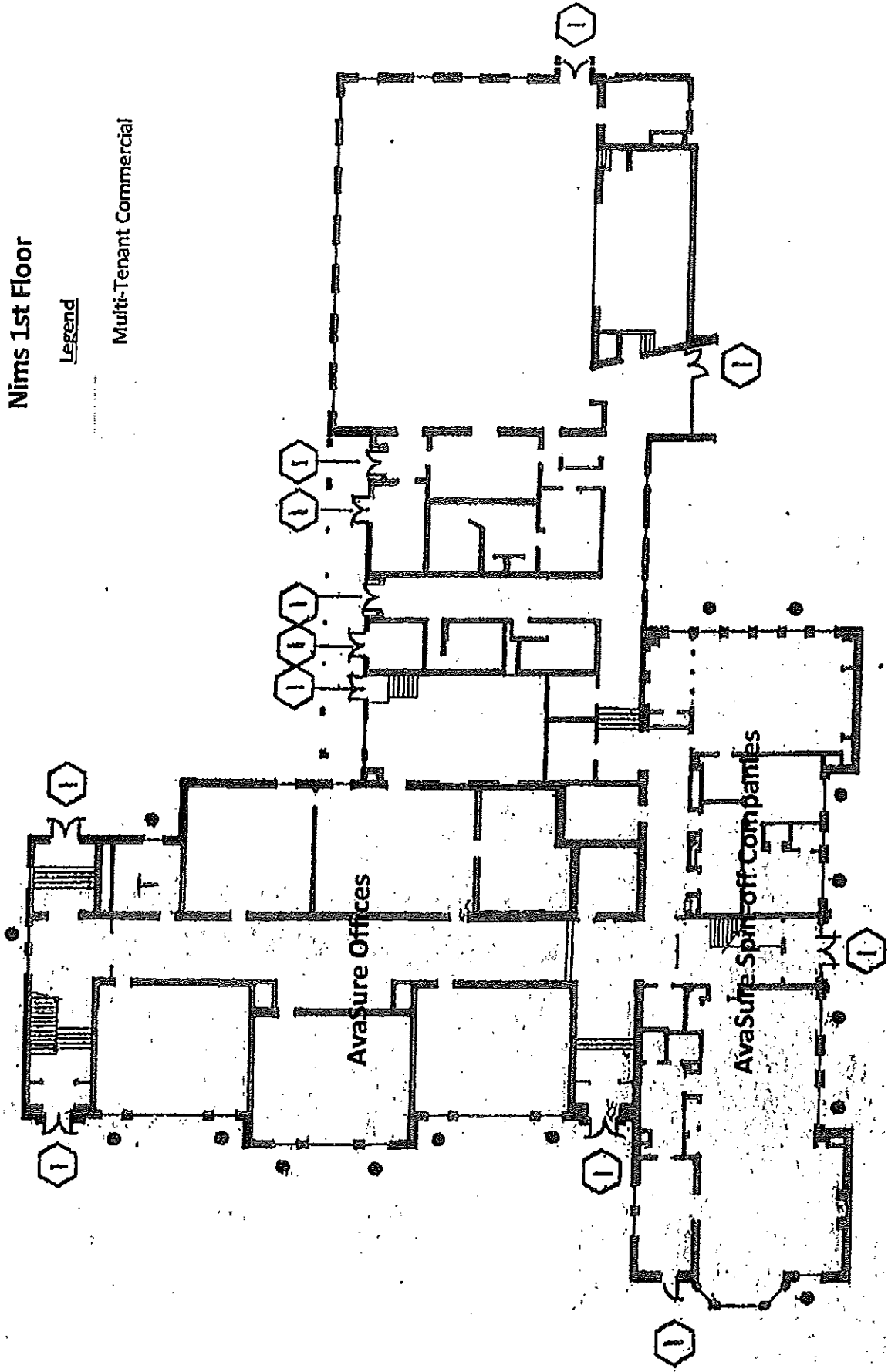
DATED: _____, 2017.

Ann Marie Cummings
Clerk, City of Muskegon

Nims 1st Floor

Legend

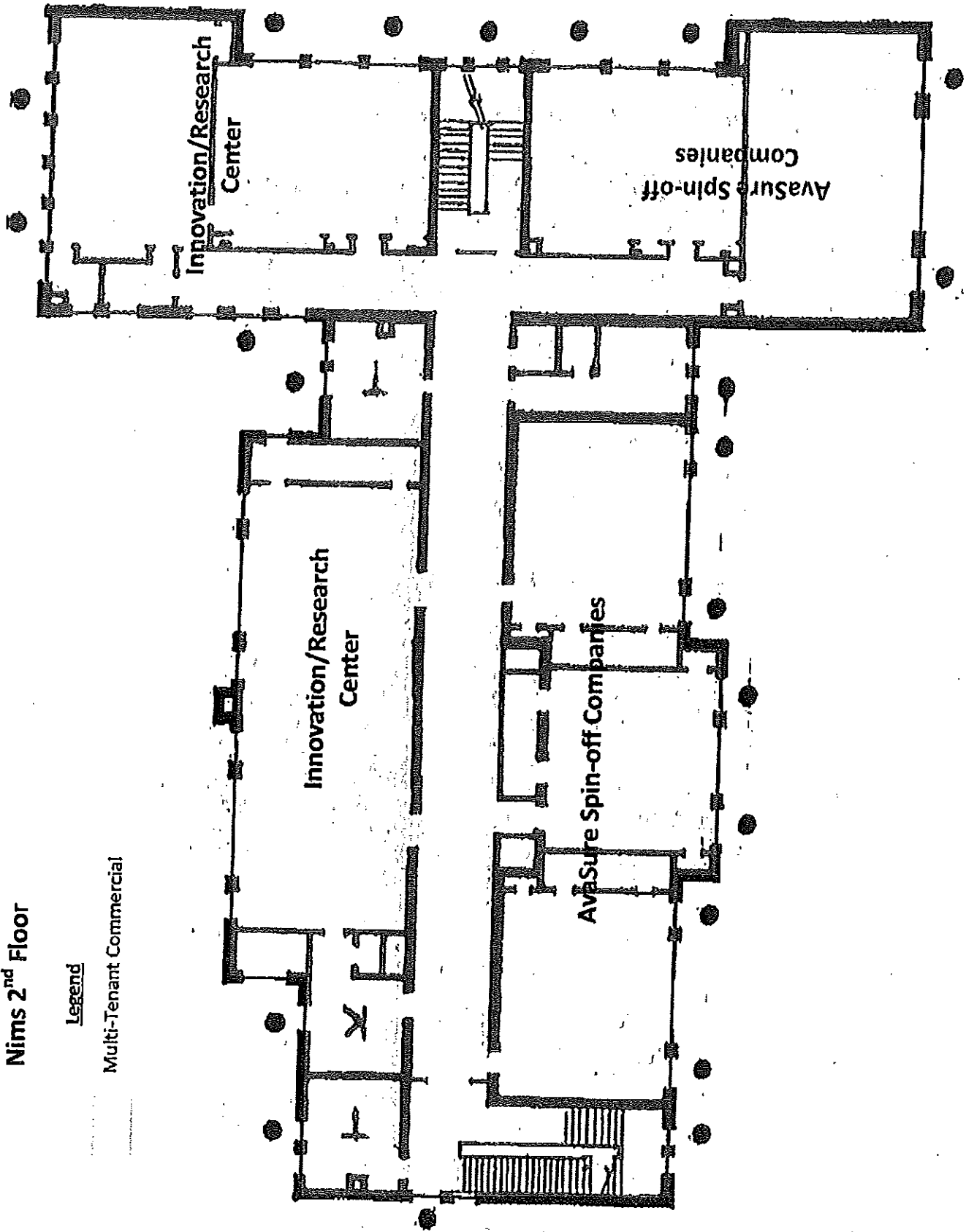
Multi-Tenant Commercial



Nims 2nd Floor

Legend

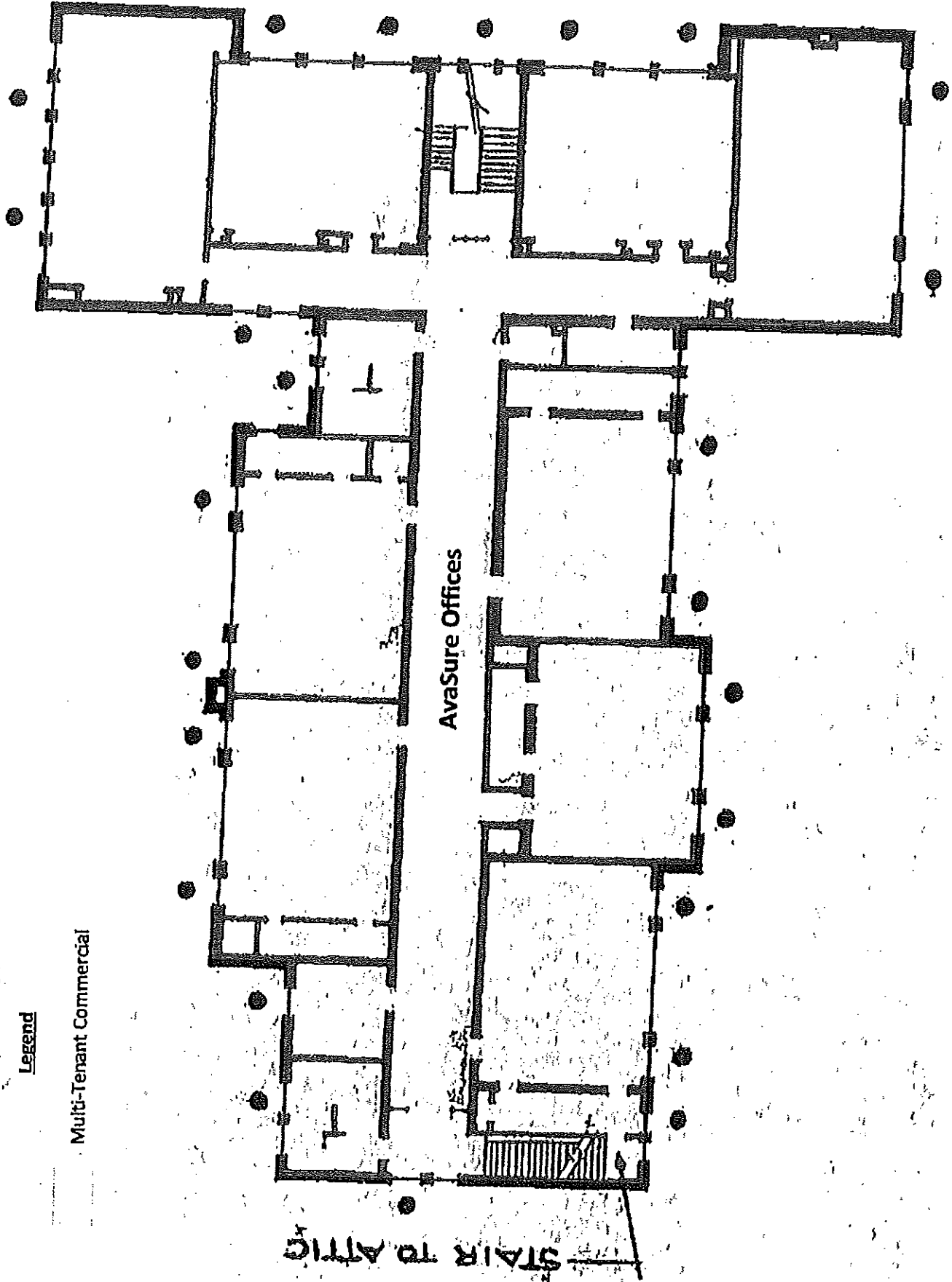
Multi-Tenant Commercial



Nims 3rd Floor

Legend

Multi-Tenant Commercial



EXECUTIVE SUMMARY

AvaSure proposes to add to its operating facilities in the form of acquisition and expansion into the two facilities mentioned below in Muskegon. As a resident of the Muskegon area and an entrepreneur, personally I have interest in the welfare of this area and growing my company here is a first step in a broader effort of contribute to the Muskegon area economic vitality. A number of organizations and are planned for these facilities.

Thematically, the eventual interior design of these buildings will be in the motif of the historical use of the buildings – that is – learning and wonder through the eyes of a child.

Many of the plans below involve forward thinking, further operationalization & implementation and business execution. Naturally there will be a risk quotient attached to them. But as a business entrepreneur and pragmatic realist, I am confident that with & through the success of AvaSure, and with the early partnerships started with the City of Muskegon, Community encompass, Muskegon County, C3/Fresh Start & others, we will continue to align and enable a multi-faceted organization to support these and other additional ideas and endeavors.

CURRENT AVASURE FACILITIES

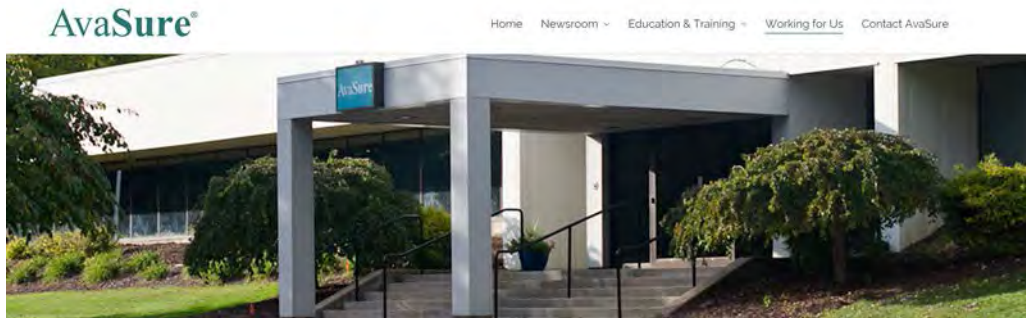
AvaSure Grand Rapids - 90,000 FT²

5801 Safety Dr Belmont, MI

Employees - 95

AvaSure develops, markets and manufactures technology based clinically innovative patient safety, communication & work flow solutions for the global healthcare market. It will continue its operation at it Belmont, MI facility. Office space will expand to Muskegon Nims facility.

www.avasure.com



AGENDA ITEM NO. _____
CITY COMMISSION MEETING _____

TO: Honorable Mayor and City Commissioners

FROM: Frank Peterson, City Manager

DATE: June 7, 2017

RE: Neighborhood Empowerment Program

SUMMARY OF REQUEST:

Staff and City Commissioners have worked hard to encourage strong and vibrant neighborhoods. One of our greatest assets is to accomplish this is our neighborhood associations. This program is designed to empower neighborhoods to get more involved in activities that beautify their neighborhood, engage neighbors, provide positive activities for children, and otherwise improve quality of life within the neighborhood. This grant program builds on the current neighborhood grant program and provides opportunities for neighborhood groups to raise additional funds to make investments in their neighborhoods.

FINANCIAL IMPACT:

\$100,000-\$150,000 annually.

BUDGET ACTION REQUIRED:

None.

STAFF RECOMMENDATION:

To adopt the Neighborhood Empowerment Program and encourage neighborhood associations to utilize the program as a tool to help guide the development and improvement of their neighborhood.

COMMITTEE RECOMMENDATION:



**2017-18 NEIGHBORHOOD
EMPOWERMENT PROGRAM**

*A NEIGHBORHOOD ACTION PLAN ADOPTED BY
THE MUSKEGON CITY COMMISSION:*

PURPOSE

Strong and active neighborhoods are a key component of a successful and vibrant Muskegon. Our neighborhoods help drive quality of life, as they can help provide activities that engage residents, improve living conditions, provide social opportunities, and positively affect crime. Accordingly, this program is designed to empower neighborhood groups to become more active as a means to access city funds to invest in the quality of life activities that they believe will improve their neighborhood.

PROPOSED PROGRAMMING

Active neighborhood associations will be eligible to receive funds from the City of Muskegon in three ways: Neighborhood Grants, Enhanced Neighborhood Grants, and Earned Neighborhood Grants.

Neighborhood Grants

All active neighborhood associations are eligible to receive a \$1,500 Neighborhood Grant annually. An active neighborhood association is defined as a neighborhood association that accomplishes **all** of the following in a given year:

1. Holds at least two general membership meetings per year.
2. Holds at least two additional board meetings per year.
3. Has a board member in attendance of at least 6 Neighborhoods of Muskegon (NAM) meetings each calendar year.
4. Prepares and delivers at least two neighborhood association newsletters per year.
5. Actively participates in the City's designated National Night Out event by hosting a National Night Out activity within the boundaries of the neighborhood.
6. Holds at least two community dumpster day events within the boundaries of the neighborhood.

These Neighborhood Grant Dollars are available January 1 of each year, and must be spent on community-related purchases or activities. These funds may not be rolled over from year-to-year.

Enhanced Neighborhood Grants

All active neighborhood associations are also eligible to receive up to \$3,000 in Enhanced Neighborhood Grants annually. To be eligible for the Enhanced Neighborhood Grant, the neighborhood association must undertake a fundraising campaign (raising at least \$250 of private donations for the neighborhood association), and undertake a number of the following events/activities in a given year:

1. Create a neighborhood Facebook Page and actively maintain the page with neighborhood events, activities, and news.
2. Submit two articles on topics of importance to the neighborhood to the Community and Neighborhood Services Department for use in the city's annual newsletter.
3. Hold one family-related event during the months of June or July

4. Hold one family-related event during the months of September or October
5. Hold one family-related event during the months of March, April or May
6. Expend \$250 and invest 50 volunteer hours in maintenance/repairs/beautification of a community park
7. Undertake a community beautification project (not-park-related).
8. Sponsor a youth recreation activity that reaches/involves at least 50 Muskegon youths collectively. Examples include coaching, sponsoring, or organizing little league teams, soccer teams, football teams, water-safety related events, etc.
9. Volunteer to paint 15 or more fire hydrants in your neighborhood (city to provide paint, brushes, etc.).
10. Undertake at least 40 volunteer hours at the Muskegon Farmers Market.
11. Graduate at least one board member from Muskegon Citizen Police Academy.
12. Implement a neighborhood beautification program that acknowledges efforts by property owners to beautify their property, with at least one owner highlighted in each neighborhood association newsletter.
13. Implement a neighborhood beautification program that acknowledges efforts by renters to beautify the neighborhood, with at least one renter highlighted in each neighborhood association newsletter.
14. Implement a neighborhood beautification program that acknowledges efforts by business owners/operators to beautify the neighborhood, with at least one business owner/operator highlighted in each neighborhood association newsletter.
15. Demonstrate that one neighborhood members is actively serving on at least one City Board or Commission, or is actively serving on the NAM Annual Picnic planning committee.

Successfully undertaking up to three events/activities:	\$750
Successfully undertaking four or more events/activities:	\$1,250
Successfully undertaking seven or more events/activities:	\$2,000
Successfully undertaking ten or more events/activities:	\$3,000

These Enhanced Neighborhood Grant Dollars are available January 1 of each year, and must be spent on community-related purchases or activities. These funds may not be rolled over from year-to-year.

Earned Neighborhood Grants

All active neighborhood associations are eligible to earn neighborhood grants by volunteering to undertake certain beautification activities in the City of Muskegon, as follows:

1. Adopt-A-Lot Program. The city has more than 300 publicly-owned orphan parcels of land spread throughout our neighborhoods. These pieces of property are generally maintained by the city on a three-week mowing schedule. In an effort to beautify our neighborhoods and raise the maintenance standards, an Adopt-A-Lot Program was established in 2015. The program is being extended to active neighborhoods as follows:

- a. There is no limit to the amount of lots that a neighborhood is eligible to adopt, nor is there a requirement that the adopted lots be located within the adopting neighborhood's geographic boundaries. In the event that adoption requests exceed available lots, adoptions will be equalized throughout the requesting neighborhoods.
 - b. Lots must be adopted prior to May 1 of each calendar year.
 - c. Lots must be mowed throughout the mowing season (May-September) and be in compliance with local ordinances that call for a 6 inch maximum grass height.
 - d. Trash must be removed from the lots weekly.
 - e. Fallen Leaves must be removed from the lots by November 30 of each year.
 - f. A standard lot is between 30 and 60 feet in width. Lots with a width in excess of 60 feet will be compensated as multiple lots.
 - g. The City will contribute \$250 to the neighborhood for each lot adopted and successfully maintained, with payments disbursed as follows:
 - i. The first payment (\$100 for each adopted lot) will be made during the city's first billing cycle in the month of June.
 - ii. The second payment (\$150 for each adopted lot) will be made during the city's first billing cycle in the month of December.
 - iii. Payments will not be made in the event code enforcement activities are undertaken by the City's Code Enforcement Department.
 - iv. Repayment may be required in the event that lots are not kept up to the city's code enforcement standard.
2. Fundraising Match. The City will provide \$500 in matching dollars to any active neighborhood association that successfully raises more than \$1,500 of non-city funds for youth-related neighborhood activities. These matching dollars are only available to neighborhoods that have met the requirements to receive at least \$2,000 in Enhanced Neighborhood Grants.
3. Specialized youth-related activities, such as day camps and field trip programs that have a great impact on more than one neighborhood may be eligible for up to \$2,000 in funding.
- a. Funding for such activities cannot exceed 50% of the total program cost.
 - b. Day camp events must attract an average of 50 youth per day and operate at least four days per week for at least 12 hours per week, and the program must last at least six consecutive weeks.
 - c. Field Trip events must attract at least 50 youth per event. There is no requirement that field trip events be held at a particular location, but special

consideration will be given to field trip events that partner with the following Muskegon-based events/facilities:

- i. Lakehawks, Lumberjacks, Ironmen, or Risers sports teams
- ii. Muskegon Museum of Art
- iii. Muskegon Farmers Market
- iv. Muskegon Public Library
- v. Muskegon Heritage Museum
- vi. Lakeshore Museum Center
- vii. LST 393 Museum
- viii. Silversides Museum
- ix. Muskegon Winter Sports Complex

4. Other beautification-related activities may be incentivized by the city on a case-by-case basis, depending on funding availability.

These Earned Neighborhood Grant Dollars must be spent on community-related purchases or activities. They may be rolled over from year-to-year as the neighborhood association saves funds for planned neighborhood needs/activities. Unless otherwise indicated above, these grants funds will be released upon successful completion of the approved activity.

BUDGET

Activity	Number	Value	Budget
Neighborhood Grants	15	\$1500	\$22,500
Enhanced Grants	15	\$2500	\$37,500
Earned Grants			\$40,000
Total Program Budget			\$100,000