CITY OF MUSKEGON

CITY COMMISSION MEETING

JANUARY 24, 2012

CITY COMMISSION CHAMBERS @ 5:30 P.M.

AGENDA

- **CALL TO ORDER:**
- **PRAYER:**
- **PLEDGE OF ALLEGIANCE:**
- **ROLL CALL:**
- **HONORS AND AWARDS:**
- **INTRODUCTIONS/PRESENTATION:**
- **CONSENT AGENDA:**

  A. **Approval of Minutes.** CITY CLERK

  B. **North Bank Trail Acquisition Funding Request – Resolution of Support.** CITY MANAGER

  C. **PILOT Request – Bayview Towers – Ordinance.** PLANNING & ECONOMIC DEVELOPMENT

  D. **PILOT Request – Bayview Towers – Agreement.** PLANNING & ECONOMIC DEVELOPMENT

  E. **Municipal Vehicle Purchase.** PUBLIC WORKS

- **PUBLIC HEARINGS:**

  A. **Issuance of a Commercial Rehabilitation Certificate – Lake Welding Supply.** PLANNING & ECONOMIC DEVELOPMENT

- **COMMUNICATIONS:**
- **CITY MANAGER'S REPORT:**
- **UNFINISHED BUSINESS:**
- **NEW BUSINESS:**

  A. **Advance Refunding of 2002 LDFA Bonds.** FINANCE

  B. **Concurrence with the Housing Board of Appeals Notice and Order to Demolish the Following:** PUBLIC SAFETY

1467 Terrace Street (Area 11)

2226 Continental Street

167 Mason Avenue – Home and Garage (Area 10)

C. **Ward and Precinct Redistricting.** CITY CLERK

D. **Use of Explosives for Demolition on Former Sappi Property.** 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 Cummings, City Clerk, 933 Terrace Street, Muskegon, MI 49440 or by calling (231) 724-6705 or TTY/TDD: dial 7-1-1 and request a representative to dial (231) 724-6705.

Date: January 24, 2012

To: Honorable Mayor and City Commissioners

From: Ann Marie Cummings, City Clerk

RE: Approval of Minutes

SUMMARY OF REQUEST: To approve minutes of the January 3rd Organizational Meeting, the January 9th Worksession Meeting and the January 10th City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

CITY OF MUSKEGON
ORGANIZATIONAL MEETING
TUESDAY, JANUARY 3, 2012
CITY COMMISSION CHAMBERS
CITY HALL – 5:30 P.M.

MINUTES

The meeting was called to order by Mayor Warmington at 5:30 p.m. Also present were Commissioners Turnquist, Hood, Spataro, German, and Gawron, City Manager Bryon Mazade, and City Clerk Ann Marie Cummings.
Commissioner Wierengo was absent.

The meeting opened with prayer given by Bob Kuhn, followed by the Pledge of Allegiance.

2012-01

A. <u>Oath of Office Ceremony.</u> Honorable Harold F. Closz III, Chief Judge, 60th District Court gave the oath of office to Commissioner Willie German, Jr., Eric Hood, Lawrence Spataro, and Byron Turnquist.

B. <u>Election of Vice-Mayor.</u>
Motion by Commissioner Spataro, second by Commissioner Turnquist to elect Steven J. Gawron as Vice Mayor.

ROLL VOTE: Ayes: Warmington, Hood, Spataro, German, Gawron, and Turnquist

Nays: None

MOTION PASSES

C. <u>Setting Commission Meetings:</u> 5:30 p.m. – 2nd and 4th Tuesdays each month.

D. <u>Setting Worksession Meetings:</u> 5:30 p.m. – Mondays preceding the 2nd Tuesday each month.

Motion by Vice Mayor Gawron, second by Commissioner Spataro to set the City Commission Meetings for 5:30 p.m. the 2nd and 4th Tuesdays of each month and the Worksession Meeting for 5:30 p.m. the Mondays preceding the 2nd Tuesday of each month.

ROLL VOTE: Ayes: Hood, Spataro, German, Gawron, Turnquist, and Warmington

Nays: None

MOTION PASSES

E. **<u>Appointment of City Manager:</u>** Bryon L. Mazade.

Motion by Commissioner Turnquist, second by Commissioner German to appoint Bryon L. Mazade as City Manager.

ROLL VOTE: **Ayes: Spataro, German, Gawron, Turnquist, Warmington, and Hood**

Nays: None

MOTION PASSES

F. **<u>Appointment of City Clerk:</u>** Ann M. Cummings.

G. **<u>Appointment of City Treasurer:</u>** Derrick Smith.

H. **<u>Appointment of City Auditor:</u>** Timothy Paul.

I. **<u>Appointment of City Assessor and Deputy Assessors:</u>**

County Equalization Director Donna VanderVries
Deputy Director Dan VanderKooi

Motion by Commissioner Spataro, second by Vice Mayor Gawron to appoint Ann M. Cummings as City Clerk; Derrick Smith as City Treasurer; Timothy Paul as City Auditor; and Donna VanderVries and Dan VanderKooi as City Assessor and Deputy Assessor.

ROLL VOTE: **Ayes: German, Gawron, Turnquist, Warmington, Hood, and Spataro**

Nays: None

MOTION PASSES

J. **<u>Designation of City Fund Depositories.</u>**

Fifth Third Bank (Main Depository)
Huntington Bank
Comerica Bank
PNC Bank
Flagstar Bank (CDARS)

Motion by Vice Mayor Gawron, second by Commissioner Spataro to designate the City fund depositories as enumerated.

ROLL VOTE: **Ayes: Gawron, Turnquist, Warmington, Hood, Spataro, and German**

Nays: None

MOTION PASSES

K. **<u>Designation of Firm to Act as Legal Counsel:</u>** Parmenter-O'Toole.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to designate Parmenter-O'Toole to act as legal counsel for the City of Muskegon.

ROLL VOTE: **Ayes: Turnquist, Warmington, Hood, Spataro, German, and Gawron**

Nays: None

MOTION PASSES

L. **<u>New Business:</u>** City Manager Bryon Mazade introduced our new Public Safety Director Jeffrey Lewis. Mayor Warmington acknowledged County Clerk Nancy Waters, County Commissioners Anthony Longmire, Rillastine Wilkins, and Scott Plummer who were also in attendance.

<u>Naming Turnabout at Western and Third.</u>

Motion by Commissioner Spataro, second by Vice Mayor Gawron to name the roundabout at Western and Third as Patricia B. Johnson Circle.

ROLL VOTE: **Ayes: Warmington, Hood, Spataro, German, Gawron, and Turnquist**

Nays: None

MOTION PASSES

Meeting adjourned at 6:03 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk

City of Muskegon
City Commission Worksession
January 9, 2012
City Commission Chambers
5:30 PM

MINUTES

2012-2
Present: Commissioners Warmington, Gawron, Turnquist, Wierengo, German, Spataro, and Hood.
Absent: None.

Bayview Tower PILOT.
Carl Skrzynski and Rick Rick Pennings are in the process of purchasing the Bayview Towers. The property currently has a PILOT, which was approved in 1980, as well as Section 8 status for their 200 elderly designated units. The PILOT arrangement approved by City Commission in 1980 was in effect prior to the current City ordinance and would last as long as the MSHDA mortgage was in effect, not to exceed fifty years (under the current ordinance, new exemptions run for a period of up to 25 years). Therefore, if the current mortgage remained in effect, the PILOT agreement would also remain in effect up until 2030.

Under the current arrangement, Bayview makes an Annual Shelter Rent/Payment in Lieu of Taxes payment of about $34,000 each year. "Annual Shelter Rent" is defined as the total collections during an agreed annual period from all occupants of a housing project representing rents or occupancy charges, exclusive of any charges for gas, electricity heat or other utilities furnished to the occupants. The Payment in Lieu of Taxes is calculated as 10% of the Annual Shelter Rent.

Under the current arrangement, Bayview also makes a City Service Charge payment of about $57,000 each year. The City Service Charge is calculated as 3% of "contract rents". Therefore, the total annual payment made by Bayview is approximately $91,000.

Based on the estimated assessed value from the County Equalization Department, without the property tax exemption, the projected annual property taxes for Bayview Towers would be approximately $282,900.

Mr. Skrznski is requesting a 41 year exemption period for a PILOT to be approved for his development. In addition to the PILOT "Contract for Housing Exemption", the City Commission must also approve amendments to the current ordinance to allow for the type of financing proposed by the developer and the number of years for final maturity of the mortgage.

The City Commission will consider this request at their Commission meeting that will be held on Tuesday, January 24, 2012.

Telephone System.
Jim Maurer, Information Technology Director, informed the Commission that he has been in negotiations with Central Dispatch to utilize a new telephone system through their fiber-optic lines. The cost will be approximately $150,000 but it is expected that the City will save $1,000,000 within 10 years.

This item will be placed on the Commission meeting Tuesday, January 10, 2012 for their consideration.

City Commission Goal Setting.
The annual Goal Setting meeting was set for Friday, January 20, 2012. (Later it was revised to January 27, 2012).

Rental Registration/Inspections.
City Manager, Bryon Mazade, suggested that the Rental Registration/Inspections policy be re-evaluated by staff for unusual situations that have bee brought to his attention.

Staff will re-evaluate the current policy and provide a recommendation to the City Commission for their consideration.

Adjournment.
Motion by Commissioner Hood, seconded by Vice Mayor Gawron to adjourn at 7:12 p.m.

MOTION PASSES

____
Ann Marie Cummings, MMC
City Clerk

CITY OF MUSKEGON

CITY COMMISSION MEETING

JANUARY 10, 2012

CITY COMMISSION CHAMBERS @ 5:30 P.M.

MINUTES

The Regular Commission Meeting of the City of Muskegon was held at City Hall, 933 Terrace Street, Muskegon, MI at 5:30 p.m., Tuesday, January 10, 2012.

Mayor Warmington opened the meeting with a prayer from Vice Mayor Gawron after which the Commission and public recited the Pledge of Allegiance to the Flag.

ROLL CALL FOR THE REGULAR COMMISSION MEETING:

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

2012-03 CONSENT AGENDA:

A. Approval of Minutes. CITY CLERK

SUMMARY OF REQUEST: To approve minutes of the December 12, 2011, Worksession Meeting and the December 13, 2011, City Commission Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the minutes.

B. Control System Annual Software Update/Support. WATER FILTRATION

SUMMARY OF REQUEST: Renewal of the annual customer support for Filtration Plant operating system with Wonderware North.

FINANCIAL IMPACT: One time cost of $10,597 for 2012.

BUDGET ACTION REQUIRED: None, this item is budgeted.

STAFF RECOMMENDATION: Staff requests authorization to renew the annual customer support agreement at a budgeted cost of $10,597 for 2012.

C. S.E.I.U. Unit 1 – Clerical Contract. CITY MANAGER

SUMMARY OF REQUEST: To approve the negotiated tentative agreement with the S.E.I.U. Unit 1 (Clerical Union).

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the tentative agreement and authorize the Mayor and Clerk to sign the contract.

D. S.E.I.U. Unit 2 – DPW Contract. CITY MANAGER

SUMMARY OF REQUEST: To approve the negotiated tentative agreement with the S.E.I.U. Unit 2 (DPW Union).

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the tentative agreement and authorize the Mayor and Clerk to sign the contract.

E. Agreement – Digital Spectrum Enterprises (DSE). CITY CLERK

SUMMARY OF REQUEST: Since May 2005 the City has contracted with Digital Spectrum Enterprises (DSE) for management of the City's government access channel. In exchange for these management rights DSE broadcasts City Commission meetings at no direct cost to the City. The current agreement with DSE dates from December 2008 through November 2011.

Proposed is a three-year agreement renewal with DSE. Terms of the agreement are the same as before.

FINANCIAL IMPACT: This contract entails no direct cost to the City. The City benefits by having City Commission meetings broadcast at no cost.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of a three-year contract with DSE for management of the government access channel.

F. Appointments to Various Boards and Committees. CITY CLERK

SUMMARY OF REQUEST: To approve the appointments as recommended at the January 9th Community Relations Committee Meeting.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the appointments.

Motion by Vice Mayor Gawron, second by Commissioner Wierengo to approve the Consent Agenda as presented.

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

Nays: None

MOTION PASSES

2012-04 NEW BUSINESS:

A. <u>Amendment to the Zoning Ordinance – Allow Second Hand Merchandise in B-2.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Staff initiated request to amend Section 1100 of Article XI of the zoning ordinance to allow second hand merchandise stores as a principal use permitted in B-2, Convenience and Comparison Business Districts.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the zoning ordinance amendment.

COMMITTEE RECOMMENDATION: The Planning Commission recommended approval of the request at their December 15th meeting by a 6 to 1 margin.

Motion by Commissioner Spataro, second by Vice Mayor Gawron to approve the amendment to the zoning ordinance to allow second hand merchandise in the B-2 district.

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

Nays: None

MOTION PASSES

B. <u>Amendment to the Zoning Ordinance – Remove Special Land Uses in B-2.</u> PLANNING & ECONOMIC DEVELOPMENT

SUMMARY OF REQUEST: Staff initiated request to amend Section 1101 of Article XI of the zoning ordinance to remove second hand merchandise stores, vintage shops and antique shops as special land uses permitted in B-2, Convenience and Comparison Business Districts. This would be necessary if the previous request is approved.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the zoning ordinance amendment.

COMMITTEE RECOMMENDATION: The Planning Commission recommended approval of the request at their December 15th meeting by a 6 to 1 margin.

Motion by Commissioner Spataro, second by Commissioner Wierengo to amend the zoning ordinance to remove special land uses in section B-2.

ROLL VOTE: Ayes: Wierengo, Turnquist, Warmington, Hood, Spataro, German,

and Gawron

Nays: None

MOTION PASSES

C. Telephone System. INFORMATION TECHNOLOGY

SUMMARY OF REQUEST: The City has been collaborating with Muskegon Central Dispatch, along with other municipalities, to upgrade our municipal telephone service. The agreement will allow the City to utilize Central Dispatch's internet telephone gateway, saving the City a significant amount of money. The new technology will have many capabilities well beyond our current phone system.

The project, including network upgrade and enhancements, is estimated to cost $150,000. Projections indicate that the new system will pay for itself within 15 to 25 months by lowering our monthly phone costs from $10,000 to $1,700. The City could save as much as $1,000,000 within the next ten years with the upgraded equipment.

FINANCIAL IMPACT: $90,000 is included in the 2011-2012 budget for this project. Central Dispatch has offered 0% financing over five years which will keep our FY12 costs well under budget.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the proposal to upgrade the phone and network infrastructure for a cost not to exceed $150,000.

Motion by Vice Mayor Gawron, second by Commissioner Wierengo to approve the proposal to upgrade the phone network infrastructure for a cost not to exceed $150,000.

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

Nays: None

MOTION PASSES

PUBLIC PARTICIPATION: Public comments were received.

ADJOURNMENT: The City Commission Meeting adjourned at 5:49 p.m.

Respectfully submitted,

Ann Marie Cummings, MMC
City Clerk

AGENDA ITEM NO. _____________

CITY COMMISSION MEETING **January 24, 2012**

TO: Honorable Mayor and City Commissioners

FROM: Bryon L. Mazade, City Manager

DATE: January 12, 2012

RE: North Bank Trail Acquisition Funding Request - Resolution of Support

SUMMARY OF REQUEST:
To adopt a resolution in support of an application from Crockery Township to the Michigan Natural Resources Trust Fund for acquisition funds for Phase 2 of the North Bank Trail.

FINANCIAL IMPACT:
None.

BUDGET ACTION REQUIRED:
None.

STAFF RECOMMENDATION:
To approve the attached resolution.

COMMITTEE RECOMMENDATION:
None.

RESOLUTION OF APPROVAL TO SUPPORT THE MICHIGAN NATURAL RESOURCES TRUST FUND APPLICATION FOR ACQUISTIION OF PROPERTY FOR PHASE 2 OF THE NORTH BANK TRAIL IN CROCKERY TOWNSHIP

MUSKEGON CITY COMMISSION

Resolution No. _____________

WHEREAS, the City of Muskegon desires to promote healthy and active lifestyles.

WHEREAS, the City of Muskegon is interested in supporting multi-modal transportation alternatives.

WHEREAS, the City of Muskegon desires to offer safe routes to schools.

WHEREAS, the City of Muskegon desires to offer recreational opportunities to persons with disabilities.

WHEREAS, the City of Muskegon desires to provide an affordable recreation element accessible to all age groups of the community.

WHEREAS, the City of Muskegon desires to connect and extend Phase 1 of the North Bank Trail to the Musketawa Trail east of Coopersville.

WHEREAS, the City of Muskegon desires to develop a regional trail system that connects to other regional trail systems in the area.

WHEREAS, the City of Muskegon desires to promote economic development through tourism activity.

WHEREAS, the City of Muskegon supports preserving historical structures related to former railroad transportation.

Now, therefore, be it resolved that the City of Muskegon supports the concept of continuous collaboration for trail maintenance and improvement.

Now, therefore, be it resolved that the City of Muskegon supports the Crockery Township application to the Michigan Natural Resources Trust Fund for acquisition funds for Phase 2 of the North Bank Trail.

Adopted this 24th day of January, 2012.

Ayes:
Nays:
Abstentions:

BY: _____________________________________
Stephen J. Warmington, Mayor

ATTEST: _____________________________________
Ann Marie Cummings, Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission, County of Muskegon, Michigan, at a regular meeting held on January 24, 2012.

____
Ann Marie Cummings, Clerk

CROCKERY TOWNSHIP

RECEIVED

JAN 1 3 2012

MUSKEGON
CITY MANAGER'S OFFICE

January 10, 2012

Bryon Mazade
933 Terrace Street
Muskegon, MI 49440

Dear Bryon Mazade,

Crockery Township is planning to submit an application to the Michigan Natural Resources Trust Fund for an acquisition grant to purchase portions of the old Grand Trunk and Western Railroad grade in our township. Our immediate goal is to extend the North Bank Trail east through our Township to 96th Ave. The eventual goal of the North Bank Trail is a connection from Grand Haven to the Musketawa Trail in Marne, which would in turn connect to trails in and north of the Cities of Walker, Grand Rapids. The trail would preserve an historic and picturesque steel trestle crossing Crockery Creek, as well as making Crockery and the surrounding townships, cities and villages magnets for non-motorized tourism.

As Co-Chairs of the Crockery Township Building and Parks Committee, we are requesting that the City of Muskegon send us a letter or resolution of support in this endeavor. We know that the completed trail would be a wonderful asset to our area and our collaborative efforts will make this trail a reality.

In order to assist you in preparing your own letter or resolution, we have included a sample resolution detailing the benefits of the Trail. You would be welcome to use any portion of this document in preparing your own resolution or letter of support. We also have available the same document in Microsoft Word format, which you can obtain on line by emailing: jean@crockerymi.org .

Since the application to the Michigan Natural Resources Trust Fund has an absolute deadline of April 1, 2012 for submission of Materials for a 2012 grant, it is imperative that any letters and resolutions of support arrive in the Crockery Township offices by March 23, 2012. Electronic copies may be sent to the email address above.

Thank you for your help,

Jay Wright, Co-Chair

Jean Copeland, Co-Chair
Jean Copeland

17431 112th Avenue, PO Box 186, Nunica, MI 49448 Phone: (616) 837-6868 Fax: (616) 837-7838
www.crockery-township.org

Commission Meeting Date: January 24, 2012

Date: January 17, 2012

To: Honorable Mayor & City Commission

From: Planning & Economic Development Department

RE: PILOT Request- Bayview Towers

SUMMARY OF REQUEST: Carl Skrzynski is Vice President of American Community Developers, Inc., which has purchased Bayview Towers in Muskegon. There is currently a PILOT for Bayview Towers which was approved in January 1980. Mr. Skrzynski intends to keep the existing Section 8 status of the housing development and is requesting an extension of the PILOT from the City. Since an alternative form of financing is being sought for this project, not currently included in the PILOT Ordinance, an amendment is necessary to the Ordinance. In addition, the owner is requesting the PILOT for a maximum of 40 years and the current Ordinance only allows for 25 years.

FINANCIAL IMPACT: The Ordinance amendment would allow for a greater number of years, which would increase the number of years that the City would not receive full taxes for the property.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: If the City Commission agrees that the PILOT is necessary for this property, staff recommends that the attached Ordinance amendment be approved and the Clerk be authorized to sign the necessary documents.

CITY OF MUSKEGON
MUSKEGON COUNTY, MICHIGAN
ORDINANCE NO. ____

THE CITY COMMISSION OF THE CITY OF MUSKEGON HEREBY ORDAINS:

1. Chapter 82, Article II of the Code of Ordinances of the City of Muskegon, Michigan, Sections 82-46, 82-50, 82-51 and 82-52 are amended to read as follows:

Sec. 82-46. Definitions.

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

Authority means the state housing development authority.

Contract rents means all rents in the housing project expected either directly from a tenant or by subsidy, vendor payments or paid by a government or other assisting entity on behalf of a tenant to the owner or owner's designee or agent of a housing project. Contract rents include the rental amounts to be currently charged for units in the housing project, whether a unit is vacant or not, and whether or not the rent is actually paid. Contract rents also include the rentals to be paid for additional facilities by tenants, such as carports or garages, and further include miscellaneous income, such as income from vending machines or laundry equipment. The portion of additional facility rents and miscellaneous income to be attributed to contract rents shall be determined by reference to the floor plan of the facility which includes and clearly exhibits the housing project (therefore the exempt portion of the facility), and the portion of contract rents shall be determined by the ratio of the housing project square footage to the entire square footage of the facility. The term "contract rents" does not include charges for utilities.

Elderly persons means persons determined by Authority Guidelines, Rules, and practices to have attained the age and have the status to constitute them as elderly persons.

Housing project means a residential facility consisting of rental units offered to the following persons; it does not mean the portion of any facility which is not so occupied:

(1) Elderly persons as defined in this section.

(2) Low income persons and families as defined by the authority.

HUD means The United States Department of Housing and Urban Development.

Low income persons and families means all low income persons and families included in the definitions found at section 15a(7) of Public Act No. 346 of 1966 (MCL 125.1415a(7)).

Mortgage loan means a loan made by the authority or insured by HUD to the sponsor for the construction and/or permanent financing of a housing project.

Service charge means the same as payment in lieu of taxes.

Sponsor means a developer of a housing project. The term "sponsor" includes an applicant for exemption under this division.

Utilities means public water, public sanitary sewer, gas or electric service. The term "utilities" does not include cable or other television services, telephone or communication utilities or solid waste services.

Sec. 82-50. Housing Projects Eligible.

The following housing projects shall be eligible for the exemption in the city:

(1) Housing projects receiving direct mortgage loans from or insured by HUD or the authority for at least 70 percent of the total construction or rehabilitation costs of the housing project.

(2) Housing projects where at least 70 percent of the total construction or rehabilitation costs of the housing project come from the proceeds of a grant or advance of funds from the authority.

(3) Housing projects in which at least 70 percent of the total construction or rehabilitation costs of the housing project are funded by the net proceeds from an authority-aided mortgage loan, but only where the authority aid consists of the allocation of tax credits from the authority to the applicant for the exemption.

(4) Housing projects which satisfy all of the following criteria: 1) the Project had previously received a project based Section 8 contract which is scheduled to expire within one year, 2) the City determines that the HAP Contract renewal is in the best interest of the City and the residents of Project; 3) the project had previously received tax exemption and a PILOT from the city, 4) within two years after the

contract with the city pursuant to the terms hereof, the project receives a MSHDA financing commitment, a HUD insured financing commitment or a reservation of low income housing tax credits; and 5) renovations commence within 12 months after receipt of a MSHDA financing commitment, a HUD insured financing commitment or a reservation of low income housing tax credits.

Sec. 82-51. Payment in lieu of taxes; amount; standards for determination.

The payments in lieu of taxes to be made by housing projects exempt from ad valorem taxes under this division are hereby established by the city pursuant to section 15a of Public Act No. 346 of 1966 (MCL 125.1415a), without regard to the amounts otherwise set forth in such section of this act. The service charge to be paid in lieu of taxes by any housing project exempt under this division shall be determined as follows:

(1) *Amount.* Except as provided in 82-51(2)(h), the service charge shall be in an amount no less than four percent nor more than 20 percent of the contract rents charged for the total of all units in the (exempt) housing project, whether the units are occupied or not and whether or not the rents are paid. In no event shall the service charge exceed the ad valorem real property taxes which would be paid for the housing project if it were not exempt.

(2) *Standards for determining the amount of the payment in lieu of taxes.* In determining the amount of service charge (not less than the minimum) which will be paid the city for a housing project exempt under this division the following standards shall guide the city. All criteria which apply shall be considered to arrive at the service charge:

a. In the event the housing project or a substantial part thereof is located in a rehabilitated structure, for that portion of the project found in the rehabilitated structure the city shall establish a lower service charge.

b. In the event the housing project is located in an area of the city which is part of a tax increment district and removes taxable property from the tax roll, the city shall establish a higher service charge.

c. The city shall consider the number of exempt units as compared to nonexempt units which are attached or contiguous to the housing project, but which are developed simultaneously with it by the same developer. To the extent that nonexempt units, including units calling for market rents, are included in the development, the city shall consider lowering the rate of the service charge on the exempt units.

d. In the event the housing project is proximate to nonsubsidized and nonexempt housing which is not part of any project for which the developer of the exempt housing project is responsible, the city shall establish a higher service charge.

e. In the event the housing project is eligible for other property tax abatements or reductions of any kind, or municipal benefits not generally available to residential properties, the city shall establish a higher service charge.

f. In the event the housing project results in an increase in the need for public services such as water or sewer extensions, public transportation services, additional snow plowing, police and fire services, or increased school populations, the city shall establish a higher service charge.

g. In the event the city determines that the housing project will result in significantly increased traffic generation or street or highway safety problems, the city shall establish a higher service charge.

h. For a project which meets the criteria of Section 82-50(4) of this Ordinance, the service charge may be continued in the amount the City had previously determined.

(3) *Property or unit becoming ineligible.* In the event any residential unit is found to be occupied by persons who are not eligible to occupy exempt units under this division, the service charge for that unit, prorated, shall equal the general property taxes which would be payable (prorata) for that unit. In the event the city determines that more than 50 percent of the units in the housing project are occupied by such ineligible persons, then the entire housing project shall be immediately liable for a service charge in an amount equal to the ad valorem property taxes which would otherwise be charged by tax bills normally issuing in the year of the city's determination.

Sec. 82-52. Term of exemption.

Except as provided in (5) below, the exemption term shall begin on the tax day of the year in which a final certificate of compliance or occupancy is issued by the city, therefore affecting the taxes due in the following year, and shall terminate on the happening of any of the following:

(1) Refinancing of the authority-aided, or authority or HUD mortgage loan, except to convert from a construction to an end loan.

(2) Any violation or default under this division.

(3) The day falling 25 years after the effective date of the contract for the exemption required by this division, or the period determined by the contract, whichever is shorter.

(4) For exemptions applicable to projects aimed at redeveloping existing multi-family residential housing projects, which receive Michigan State Housing Development Authority approval between October 1, 2002 and December 1, 2002, the day falling 35 years after the effective date of the contract for the exemption required by this division, or the period determined by the contract, whichever is shorter.

(5) For projects which satisfy the criteria of section 82-50(4) of this Ordinance, the tax exemption shall begin upon acquisition of the Project by the sponsor and shall extend until the final maturity of the Authority-aided or federally-aided mortgage, whichever is longer, but not to exceed 40 years from the closing. If the criteria of Sections 82-50(4) are not met the tax exemption and PILOT shall terminate as provided in the Contract and the sponsor shall be responsible for any other remedies agreed to between the City and sponsor.

2. This Ordinance is to become effective ten (10) days after adoption.

Ayes:

Nays:

First Reading:

Second Reading:

CERTIFICATE

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 an ordinance adopted by the City Commission of the City of Muskegon, at a regular meeting of the City Commission on the ____ day of ________________, 2012, at which meeting a quorum was present and remained throughout, and 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.

Date:________________________, 2012

____
Ann Marie Cummings, MMC
City Clerk

Publish: Notice of Adoption to be published once within ten (10) days of final adoption.

Commission Meeting Date: January 24, 2012

Date: January 17, 2012

To: Honorable Mayor & City Commission

From: Planning & Economic Development Department

RE: PILOT Request- Bayview Towers

SUMMARY OF REQUEST: Carl Skrzynski is Vice President of American Community Developers, Inc., which has purchased Bayview Towers in Muskegon. There is currently a PILOT for Bayview Towers which was approved in January 1980. Mr. Skrzynski intends to keep the existing Section 8 status of the housing development and is seeking Low Income Housing Tax Credits through MSHDA. He is requesting an extension of the PILOT from the City (Contract attached).

FINANCIAL IMPACT: With the current PILOT, the owner of Bayview Towers pays approximately $91,000 a year (Shelter Rent Payment of $34,000 and City Service Charge Payment of $57,000). If this property were to return to traditional property taxes, the owner would pay approximately $282,902 for a year (see attachment). Therefore, there is a difference of approximately $191,902 a year.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: If the City Commission is favorable to continuing the PILOT for this property, staff recommends that the attached Contract be approved and the Mayor and Clerk be authorized to sign the necessary documents.

CITY OF MUSKEGON
CONTRACT FOR HOUSING EXEMPTION

This agreement between, Bayview Partners Limited Dividend Housing Association L.L.C., a Michigan limited liability company, 20250 Harper Avenue, Detroit, Michigan 48225 (referred to as "Developer") and CITY OF MUSKEGON, 933 Terrace Street, Muskegon, MI ("City") is made pursuant to the following terms:

Recitals:

A. Developer acquired on January 3, 2012 and plans to rehabilitate a low income housing project in the City of Muskegon as defined in City Ordinance 2-6(e)(3), (the "Project").

B. The Project has previously been financed by a federal Section 8 project-based contract ("HAP Contract") which is scheduled to expire at the end of 2012.

C. The City and the residents will benefit from continuation of the HAP Contract and renovation of the Project by a new owner.

D. The Developer (or an affiliated entity) plans to apply for Low Income Housing Tax Credits through the MSHDA competitive process and for HUD insured financing in 2012.

E. Developer has been formed as a limited dividend housing association limited liability company to function as owner of the Project. In order to access acquisition credits under the Low Income Housing Tax Credit program, a transfer of ownership will be needed.

F. The City encourages rehabilitation and financing of the Project which is currently identified by the working name of Bayview Tower.

G. To further enable and encourage the acquisition and rehabilitation of the Project, Developer and the City enter into this agreement.

H. The preliminary legal description of the Project is set forth in Exhibit A attached to this agreement.

THEREFORE, the parties agree as follows:

1. Grant of Exemption. As contemplated and pursuant to Act 346 of the Public Acts of 1966, the State Housing Development Act (the "Act"), the City hereby grants an exemption from all property taxes attributable to the portion of the building which consists of rental units offered to Elderly/Handicapped/Disabled persons and Elderly/Handicapped/Disabled families of low and moderate income as defined by the

Michigan State Housing Development Authority (the "Authority") or the US Department of Housing and Urban Development ("HUD").

2. Term of Exemption. This exemption shall continue for the period of time the housing units remain subject to income and rent restrictions pursuant to Section 42 of the Internal Revenue Service Code of 1986 or the Authority or HUD Regulatory Agreement, not to exceed 40 years from and after the first day of the tax year following the year in which the housing project is acquired. The City agrees to be contractually bound by this agreement to honor the exemption status of the proposed project as provided therein and in this agreement for the entire period during which the Project is financed by a loan made by the Authority or a loan that is a federally-aided mortgage under the Act or receives low income housing tax credits under Section 42 of the Internal Revenue Code of 1986, as amended, provided that the said loan continues to be outstanding and not in default as more particularly set forth in Section 2-6 of the Ordinance, not to exceed 40 years and provided the Developer satisfies the requirements of Section 3.1 below.

Should the Developer fail to satisfy the requirements of Section 3.1 below, City may terminate this Contract and, upon termination, Developer agrees that it owes to the taxing jurisdiction and shall pay to the City the difference between the amount that would have been paid in taxes if this Contract were not executed and the amount actually paid pursuant to Section 3.2 below for calendar years 2013 and following absent some later modifications by the City of its requirements. Such an amount shall be a lien on the property.

3. Responsibilities of the Developer. The Developer agrees to perform the following:

3.1 Within two calendar years following the Effective Date of this Agreement, the Developer and/or a Related Developer, as described hereinafter, shall obtain a reservation of low income housing tax credits, or an Authority loan commitment or a HUD-insured loan commitment. Renovations must commence within 12 months after the low income housing tax credit reservation or the Authority or HUD insured loan commitment is obtained and must be completed within 18 months after they commence.

3.2 The Developer shall pay the service charge and payment in lieu of taxes using the same manner and method for calculating such as the previous Owner paid, with Developer's payment being made in a timely manner (on or before July 1 of each year during the time the exemption is in effect). For said purposes, the Developer recognizes and will abide by all of the collection provisions of the Ordinance, including without limitation, the acceptance of the lien provisions status of the payment in lieu of taxes in the event of default as set forth in 2-6(h), (i), and (j) of the Ordinance. The service charge shall equal three (3%) percent of the contract rents charged for the total of all units in the exempt housing project, whether the units are occupied or not and whether or not the rents are paid.

3.3 The Developer agrees to file all information required by the Ordinance and further to meet its obligations to the Authority in connection with the Authority's administration of the low income housing tax credit program.

4. Term. This agreement shall continue in effect for the entire period of eligibility for the exemption as set forth in the Ordinance. The City considers itself bound by this agreement for the entire term hereof.

5. Interpretation of Financing. The City agrees that the financing of the Project by the use of tax credits constitutes financing of the loan by the Authority and that financing of the Project by use of a HUD insured loan means financing by a federally-aided loan, in fulfillment of the requirements of Section 2-6(e)(3) of the Ordinance.

6. Third Party Beneficiary. This agreement shall benefit the Developer, a related Developer in the event of a transfer to a new owner related to the Developer, the Authority, and/or HUD, or such other mortgagee as may have financed the Project which may enforce this agreement, both as its interest may appear, and on behalf of the Developer and its successors and assigns. No other party is a beneficiary under this agreement.

7. Counterparts. This agreement may be executed in several counterparts and an executed copy hereof may be relied upon as an original.

8. Binding and Benefit. This agreement shall be binding upon the parties hereto and their respective heirs, administrators, personal representatives, successors and assigns.

9. Choice of Law; Venue. This Agreement is executed in accordance with, shall be governed by, and construed and interpreted in accordance with the laws of the State of Michigan. The parties agree that for purposes of any dispute in connection with this Agreement, the Muskegon County Circuit Court shall have exclusive personal and subject matter jurisdiction and venue.

10. Effective Date. The effective date of this agreement is _____________.

IN WITNESS WHEREOF, the parties have signed this agreement on the dates indicated below.

CITY OF MUSKEGON

Dated: _______________ By: _________________________________
Stephen J. Warmington, Mayor

Dated: _______________ By: _________________________________
Ann Marie Cummings, Clerk

DEVELOPER:

Bayview Partners Limited Dividend Housing Association, L.L.C., a Michigan limited liability company

By: **American Community Developers Inc.,** a Michigan corporation
Its: Managing Member

Dated: _______________ By: _________________________________
Gerald A. Krueger, President

I:\KLG\American Communities\Bayview Tower\CITY OF MUSKEGON CONTRACT FOR HOUSING EXEMPTION.doc

American Community Developers, Inc.

20250 Harper
Detroit, MI 48225

(313) 881-8150
Fax (313) 884-0722

January 17, 2012

Ms. Cathy Brubaker-Clarke
Director of Community and Economic Development
City of Muskegon
933 Terrace Street
Muskegon, MI 49443-0536

RE: PILOT Request for Bayview Tower, Muskegon, MI

Dear Cathy,

In an effort to respond to the Commission's request regarding a scope of improvements to be made to the property using alternative funding it is first necessary to describe the various assumptions underlying the scope of work described below. In addition the scope of work is subject to change depending on the result of a capital needs assessment that is being prepared by a third party consultant.

The following information is being provided as of January 2012 taking into consideration current interest rates, construction and materials costs, financing costs, Low Income Housing Tax Credit AFR interest rates, equity pricing and delivery timing. At the earliest we would commence construction in December 2012 conditioned upon receiving a Low Income Housing Tax Credit Reservation in June 2012 as the result of our application submission in February, 2012. All of the above referenced costs are subject to change and could thus influence the estimated scope of work being provided.

In light of the above referenced contingencies we anticipate an estimated construction budget of $6MM, contingent upon receipt of a 40 year PILOT from the City of Muskegon, a HUD insured 40 year 221(d)(4) mortgage loan in an acceptable amount which meets the lender's underwriting standards, the equity provider's requirements and MSHDA's LIHTC underwriting standards in order to qualify for a satisfactory LIHTC reservation. Based upon these assumptions we anticipate undertaking the scope of rehabilitation work as described in attached Exhibit A.

In the alternative, upon receipt of a 25 year PILOT from the City of Muskegon in addition to the above described contingent financing parameters we anticipate undertaking the scope of rehabilitation work as described in attached Exhibit B.

In addition, the scope of work described in Exhibits A and B could further change as the result of unforeseen physical conditions discovered once the rehabilitation commences. For all of the foregoing reasons, we would reserve the flexibility, unilaterally and without notice, to modify the scope of work set forth on Exhibits A or B given any changes to the foregoing assumptions or conditions.

Should the property fail to qualify for a Reservation of Low Income Housing Tax Credits we would anticipate submitting an application for a 223(f) HUD insured loan. The extent of the scope of rehabilitation HUD would require will depend entirely upon a capital needs assessment, prepared by HUD's consultant, in order to meet HUD's capital collateral standards. Underwriting for this loan will be impacted by the length of the PILOT granted by the City with the amount of the rehabilitation anticipated to be in the $500,000 to $750,000 range and the scope wholly determined by HUD.

Should you have any questions, comments or concerns regarding any of the information provided herein please advise me at your earliest convenience.

In addition, I would appreciate it if you could confirm that this PILOT request will be on the City Commission's agenda at their January 24, 2012 meeting at 5:30 pm.

Finally, I would like to thank you for your efforts in bringing this matter before the City Commission and I hope we can count on your support before the Commission for approval of this very critical request.

Sincerely,

Carl E. Skrzynski
Vice President

Cc: File 20
Gerald A. Krueger

EXHIBIT A

Masonry repairs and tuckpointing
ADA public restroom and unit bathroom compliance
Additional handrails to hallways
Roof Replacement
Roof Insulation
Maintenance Garage Repairs
Replace unit entry doors, common area doors and hardware
Replace unit interior doors
Replace Lobby area and common bathroom flooring
Replace common area ceilings in 1st floor common area and Hallways
Replace unit kitchen and bathroom flooring
Paint 50% of unit interiors
Replace interior signage and mailbox station
Replace trash compactor
Replace kitchen and bathroom cabinetry
Replace 100% of unit appliances
Replace vertical blinds
Replace 100% of unit and common area carpeting
Asbestos abatement in 100% of units
Rebuild elevators and refurbish cabs
Replace 100% tub surrounds, showerheads and toilets
Replace boilers and circulation pumps and install programmable unit thermostats
Replace 100% bathroom fans
Replace 100% A/C units and sleeves
Replace 100% of unit interior light fixtures, porch lights, site lighting fixtures
Replace 100% of the pull chord switches and panels and security Panel
Sidewalk repairs, sealcoat and stripe parking lot
Replace site signage, site furniture, dumpster enclosure, perimeter fencing
Add perimeter wrought iron fencing
Landscape maintenance: trim trees, remove dead trees, install new landscaping
Installation of a sidewalk (approximately 420 l.f.) along the south side of Yuba from Spring Street east to Center Street.

EXHIBIT B

Masonry repairs
ADA public restroom and unit bathroom compliance
Roof Replacement
Roof Insulation
Replace unit entry doors, common area doors and hardware
Replace unit kitchen flooring
Paint 50% of unit interiors
Replace kitchen and bathroom cabinetry
Replace 50% of unit appliances
Replace 50% of unit carpeting
Asbestos abatement in 100% of units
Rebuild elevators and refurbish cabs
Replace 100% toilets
Replace boilers and circulation pumps and install programmable unit thermostats
Replace 100% bathroom fans
Replace 100% A/C units
Replace 100% of unit interior light fixtures, porch lights, site lighting fixtures
Sidewalk repairs
Replace site signage, dumpster enclosure, perimeter fencing
Landscape maintenance: trim trees and remove dead trees
Installation of a sidewalk (approximately 420 l.f.) along the south side of Yuba from Spring Street east to Center Street.

Date: 1/24/2012

To: Honorable Mayor and City Commission

From: DPW

RE: MUNICIPAL VEHICLE PURCHASE

SUMMARY OF REQUEST: Authorize staff to purchase new municipal vehicle and snow blower From Fredrickson Equipment who was the lowest responsible bidder. See bid tabulation. This machine will replace unit #50233.

FINANCIAL IMPACT: $95,740.00

BUDGET ACTION REQUIRED: None. This price is within what the Equipment division has budgeted.

STAFF RECOMMENDATION: Authorize staff to purchase new municipal vehicle and snow blower from Fredrickson Equipment.

City of Muskegon
Telephone Bid
Tabulation

West Michigan's Shoreline City
www.shorelinecity.com

Date: **01/18/12**

Requisition: 2012 Municiple Vehicle

	Name of Bidder	Name of bidder	Name of Bidder
Vendor	Fredrickson Equip.	Southeastern Eqip.	Bell Equipment
Telephone	(616)949-2385	(517)694-0471	(866)597-0716
Location	Wyoming,Mi	Holt,Mi	Lake Orion,Mi
Quoted by	Todd Fredrickson	Rod House	Wayne Demchinski

Quantity	Description	Price	Price	Price
One(1)	2012 Municiple vehicle	$88,500.00	$90,262.00	$98,860.00
	2012 51" Snow Blower	$7,240.00	$7,271.00	$7,270.00
	TOTAL BID	$95,740.00	$97,533.00	$106,130.00

Lowest bid **$95,740.00**

Bid Requested by: Joe Buckingham, Equipment Supervisor

Commission Meeting Date: January 24, 2012

Date: **January 18, 2012**

To: **Honorable Mayor and City Commissioners**

From: **Planning & Economic Development**

RE: **Public Hearing – Issuance of a Commercial Rehabilitation Certificate – Lake Welding Supply**

SUMMARY OF REQUEST:

Pursuant to Public Act 210 of 2005, as amended, Lake Welding Supply has requested the issuance of a Commercial Rehabilitation Certificate. The Certificate will freeze the taxable value of the building and exempt the new real property investment from local taxes. The school operating tax and the State Education Tax (SET) are still levied on the new investment. Land and personal property cannot be abated under this act. The City Commission approved the creation of the Commercial Rehabilitation District at it November 22, 2011 meeting. The company is planning on investing $1.4 million in real property improvements to expand their operations. This would qualify the applicant for an abatement of 10 years.

FINANCIAL IMPACT:

The real property taxes would be frozen at their pre-rehabilitated rate for the duration of the certificate

BUDGET ACTION REQUIRED:

None

STAFF RECOMMENDATION:

Staff recommends approval of the Commercial Rehabilitation Certificate.

COMMITTEE RECOMMENDATION:

None

Resolution No. _______

MUSKEGON CITY COMMISSION

RESOLUTION APPROVING APPLICATION FOR ISSUANCE
OF A COMMERCIAL REHABILITATION CERTIFICATE
Lake Welding Supply

WHEREAS, pursuant to P.A. 210 of 2005 as amended, after duly noticed public hearing held on November 22, 2011, this Commission by resolution established a Commercial Rehabilitation District as requested by Lake Welding Supply for the building at 363 Ottawa St, Muskegon, Michigan 49442; and

WHEREAS, Lake Welding Supply has requested in writing for the City to establish a Commercial Rehabilitation District at 363 Ottawa St in a letter dated October 21, 2011; and

WHEREAS, the application for the issuance of a Commercial Rehabilitation Certificate was filed within six months of the projects commencement; and

WHEREAS, the rehabilitation of this building is calculated to and will have the reasonable likelihood to retain, create, or prevent the loss of employment in Muskegon, Michigan; and

WHEREAS, Lake Welding Supply is not delinquent in any taxes related to the facility; and

WHEREAS, the application is for commercial property as defined in section 2(a) of Public Act 210 of 2005; and

WHEREAS, Lake Welding Supply has provided answers to all required questions under the application instructions to the City of Muskegon; and

WHEREAS, the City of Muskegon requires that rehabilitation of the facility shall be completed by January 24, 2013; and

WHEREAS, the application relates to a rehabilitation program that when completed constitutes a qualified facility within the meaning of Public Act 210 of 2005 and that is situated within a Commercial Rehabilitation District established under Public Act 210 of 2005; and

WHEREAS, the rehabilitation includes improvements aggregating 10% or more of the true cash value of the property at commencement of the rehabilitation as provided by section 2(j) of Public Act 210 of 2005; and

WHEREAS, a Public Hearing was held on January 24, 2012 at which the applicant, the assessor and representatives of the affected taxing units were given written notice and were afforded an opportunity to be heard; and

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

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

1) The Muskegon City Commission finds and determines that the Certificate considered together with the aggregate amount of certificates previously granted and currently in force under Act No. 210 of the Public Act of 2005 as amended shall not have the effect of substantially impeding the operation of the City of Muskegon or impairing the financial soundness of a taxing unit which levies ad valorem property taxes in the City of Muskegon.

2) The application of Lake Welding Supply, for the issuance of a Commercial Rehabilitation Certificate with respect to the building improvements and equipment on the following described parcel of real property situated within the City of Muskegon to wit:

CITY OF MUSKEGON REVISED PLAT OF 1903 LOTS 1-7 BLK 144 ALSO N 1/2 VAC JACKSON AVE

3) The Commercial Rehabilitation Certificate is issued and shall be and remain in force and effect for a period of ten (10) years, ending on December 31, 2022.

Adopted this 24th Day of January 2012.

Ayes:

Nays:

Absent:

BY: ______________________________
Stephen J. Warmington
Mayor

ATTEST: ______________________________
Ann Cummings
Clerk

CERTIFICATION

I hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Muskegon City Commission, County of Muskegon, Michigan, at a regular meeting held on January 24, 2012.

____
Ann Cummings
Clerk

RECEIVED

NOV 0 3 2011

CITY OF MUSKEGON
PLANNING DEPARTMENT

Michigan Department of Treasury
4507 (Rev. 07-08)

State Use Only		
App. No.	Date Rec'd	LUCI Code

Application for Commercial Rehabilitation Exemption Certificate

Issued under authority of Public Act 210 of 2005, as amended.

Read the instructions page before completing the form. **This application should be filed after the commercial rehabilitation district is established.** The applicant must complete Parts 1, 2 and 3 and file one original application form (with required attachments) and one additional copy with the clerk of the local governmental unit (LGU) (2 complete sets). Attach the legal description of property on a separate sheet. This project will not receive tax benefits until approved by the State Tax Commission (STC). Applications received after October 31 may not be acted upon in the current year. This application is subject to audit by the STC.

PART 1: OWNER / APPLICANT INFORMATION (applicant must complete all fields)

Applicant (Company) Name (applicant must be the **owner** of the facility) Lake Welding Supply Company			
Facility's Street Address 363 Ottawa Street	City Muskegon	State MI	ZIP Code 49442
Name of City, Township, or Village (taxing authority) City of Muskegon [X] City [ ] Township [ ] Village	County Muskegon	School District Where Facility is Located Muskegon	
Date of Rehabilitation Commencement (mm/dd/yyyy) 10/10/2011	Planned Date of Rehabilitation Completion (mm/dd/yyyy) 07/31/2012		
Estimated Cost of Rehabilitation $1,400,000	Number of Years Exemption Requested (1-10) 10		

Expected Project Outcomes (check all that apply)

- [X] Increase Commercial Activity
- [X] Retain Employment
- [ ] Revitalize Urban Areas
- [X] Create Employment
- [X] Prevent Loss of Employment
- [ ] Increase the No. of Residents in the Facility's Community

No. of jobs to be created due to facility's rehabilitation	No. of jobs to be retained due to facility's rehabilitation	No. of construction jobs to be created during rehabilitation
0	30	0

PART 2: APPLICATION DOCUMENTS

Prepare and attach the following items:

- [X] General description of the facility (year built, original use, most recent use, number of stories, square footage)
- [X] Time schedule for undertaking and completing the facility's rehabilitation
- [X] General description of the rehabilitated facility's proposed use
- [X] Statement of the economic advantages expected from the exemption
- [X] Description of the general nature and extent of the rehabilitation to be undertaken
- [X] Legal description
- [X] Descriptive list of the fixed building equipment that will be a part of the rehabilitated facility

PART 3: APPLICANT CERTIFICATION

Name of Authorized Company Officer (no authorized agents) Gregory Teerman	Telephone Number (231) 720-3312		
Fax Number (231) 220-0276	E-mail Address gteerman@lakewelding.com		
Street Address 363 Ottawa Street	City Muskegon	State MI	ZIP Code 49442

I certify that, to the best of my knowledge, the information contained herein and in the attachments is truly descriptive of the property for which this application is being submitted. Further, I am familiar with the provisions of Public Act 210 of 2005, as amended, and to the best of my knowledge the company has complied or will be able to comply with all of the requirements thereof which are prerequisite to the approval of the application by the local governmental unit and the issuance of a Commercial Rehabilitation Exemption Certificate by the State Tax Commission.

I further certify that this rehabilitation program, when completed, will constitute a rehabilitated facility, as defined by Public Act 210 of 2005, as amended, and that the rehabilitation of this facility would not have been undertaken without my receipt of the exemption certificate.

Signature of Authorized Company Officer (no authorized agents)	Title	Date
[signature]	TREASURER	10/21/2011

RECEIVED
NOV 10 2011
by Muskegon County

PART 4: ASSESSOR RECOMMENDATIONS (assessor of LGU must complete Part 4)

Provide the Taxable Value and State Equalized Value of Commercial Property, as provided in Public Act 210 of 2005, as amended, for the tax year immediately preceding the effective date of the certificate (December 31 of the year approved by the STC).

	Taxable Value	State Equalized Value (SEV)
Land	30,900	30,900
Building(s)	262,500	262,500

Name of Local Government Body: CITY OF MUSKEGON	Date of Action on Application:
Assessor's Name (first and last): DONNA VANDERVRIES	Telephone Number: 231-724-6386
Fax Number: 231-724-1129	E-mail Address: VANDERVRIESDO@CO.MUSKEGON.MI.US

PART 5: LOCAL GOVERNMENT ACTION (clerk of LGU must complete Part 5)

Action Taken By LGU (attach a certified copy of the resolution):

☐ Exemption approved for ______ years, ending December 30, ________ (not to exceed 10 years)

☐ Exemption Denied

Date District Established (attach resolution for district)	Local Unit Classification Identification (LUCI) Code	School Code

PART 6: LOCAL GOVERNMENT CLERK CERTIFICATION (clerk of LGU must complete Part 6)

Clerk's Name (first and last)	Telephone Number		
Fax Number	E-mail Address		
Mailing Address	City	State	ZIP Code
LGU Contact Person for Additional Information	LGU Contact Person Telephone Number	Fax Number	

I certify that, to the best of my knowledge, the information contained in this application and attachments is complete and accurate and hereby request the State Tax Commission issue a Commercial Rehabilitation Exemption Certificate, as provided by Public Act 210 of 2005, as amended.

Clerk Signature	Date

The clerk must retain the original application at the local unit and mail one copy of the completed application with attachments to:

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

Form 4507 Application for Commercial Rehabilitation Exemption Certificate
Lake Welding Supply Company, 363 Ottawa Street, Muskegon, MI 49442

Application responses:

2a. The original building was constructed in 1953. Subsequent additions and expansions have occurred with the final addition taking place in July, 1996. We are a producer of industrial, medical, carbonic and specialty gases and a distributor of welding and industrial supplies to customers throughout western lower Michigan. The use of our facility has changed little over our 58 year history and the building has grown to meet the increased needs of our customers. We occupy a single story facility with an area of 23,195 square feet.

2b. The new addition and upgrading of our current facility will compliment our current building use, while improving customer service and room to grow our business.

2c. We will be adding approximately 6,735 square feet of space in a two story addition to accommodate a new, larger customer showroom to nearly triple our merchandise display area. Additional warehouse and employee meeting space will be created as well. As part of the building addition, our entire facility will be brought up to code with the greatest requirement being a full sprinklering of our facility. We will be updating our cylinder filling equipment, adding efficiencies to our gas cylinder handling, and automating processes where available to keep our company as competitive and efficient as possible.

2d. We will be installing new storage rack materials, new cryogenic storage tanks, new automated cylinder filling equipment, new showroom display equipment, new signage, dock levelers, dock seals and showroom exhaust fan (for demonstration booth).

2e. First phase, estimated occupancy in February, 2012. Phase two will consist of a 2,100 square foot addition and rebuilding of 400 square foot connector building. Estimated occupancy of phase two is July, 2012.

2f. Increased process efficiencies, improved customer service and expanded showroom to accommodate larger display of merchandise items.

2g. City of Muskegon revised plat of 1903, lots 1-7 Block 144, also north ½ vacation of Jackson Avenue.

Date: January 24, 2012

To: Honorable Mayor and City Commissioners

From: Finance Director

RE: Advance Refunding of 2002 LDFA Bonds

SUMMARY OF REQUEST: In 2002 the LDFA issued bonds in the amount of $4,725,000 to finance construction of the MAREC building. Repayment of the bonds was to come from tax increment revenues generated by anticipated development on the Smart Zone site. The City's full faith and credit was pledged and the Community Foundation for Muskegon County also pledged an annual contribution of up to $75,000 (through 2016) to be used in the event tax increment revenues fell short.

The bonds were intentionally structured with no/low principal payments during the first ten years to provide time for development and tax increments to grow. Unfortunately, this has not occurred to the extent hoped for. In recent years, the City has contributed $100,000 annually and the full $75,000 CFFMC pledge has been needed to meet debt service requirements. Starting with FY 2012-13, the City's annual contribution will at least double and remain at high levels until significant, taxable development occurs.

The bonds were issued with a ten year call provision and 2012 is the first opportunity to exercise this call. Fortunately, refunding the bonds under current market conditions makes economic sense (see table on next page and full refunding analysis include in packet).

FINANCIAL IMPACT: Refunding the LDFA bonds is expected to save $361,045 over the remaining life (about $25,000/year). Present value savings are estimated at $304,165, or about 7% of the outstanding bond principal.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: Approval of the advance refunding of LDFA bonds.

COMMITTEE RECOMMENDATION: The LDFA Board will review and act on the proposed refunding at their January 19th meeting.

SAVINGS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 03/01/2012 @ 3.0060384%
11/01/2012	183,447.50	61,149.17	122,298.33	68,773.33	53,525.00	52,618.01
11/01/2013	423,447.50		423,447.50	398,160.00	25,287.50	24,634.86
11/01/2014	479,087.50		479,087.50	454,325.00	24,762.50	23,387.50
11/01/2015	486,735.00		486,735.00	464,000.00	22,735.00	20,835.27
11/01/2016	488,572.50		488,572.50	467,710.00	20,862.50	18,548.75
11/01/2017	489,462.50		489,462.50	465,490.00	23,972.50	20,585.99
11/01/2018	494,375.00		494,375.00	472,597.50	21,777.50	18,137.46
11/01/2019	498,062.50		498,062.50	473,797.50	24,265.00	19,538.25
11/01/2020	485,485.00		485,485.00	463,957.50	21,527.50	16,805.26
11/01/2021	322,085.00		322,085.00	298,297.50	23,787.50	17,961.41
11/01/2022	320,355.00		320,355.00	296,157.50	24,197.50	17,706.57
11/01/2023	323,165.00		323,165.00	298,357.50	24,807.50	17,593.45
11/01/2024	324,585.00		324,585.00	299,852.50	24,732.50	16,998.74
11/01/2025	330,277.50		330,277.50	305,472.50	24,805.00	16,522.64
	5,649,142.50	61,149.17	5,587,993.33	5,226,948.33	361,045.00	301,874.16

Savings Summary

PV of savings from cash flow	301,874.16
Plus: Refunding funds on hand	2,291.41
Net PV Savings	304,165.57

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

PATRICK F. MCGOW
TEL (313) 496-7684
FAX (313) 496-8450
E-MAIL mcgow@millercanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
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MEXICO: Monterrey
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January 18, 2012

Via Email and U.S. Mail

Mr. Timothy J. Paul
Finance Director
City of Muskegon
933 Terrace Street
P.O. Box 536
Muskegon, MI 49443-0536

Re: Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012 (LTGO)

Dear Tim:

I have enclosed a Resolution Pledging Limited Tax Full Faith and Credit in support of Local Development Finance Authority of the City of Muskegon Local Development Refunding Bonds, Series 2012 (LTGO) to be considered for approval by the City Commission at its meeting on January 24th.

The Authority is expected to approve a Resolution at its January 19, 2012 meeting authorizing the issuance of Bonds in an amount not to exceed $4,750,000 (the "Refunding Bonds") to achieve debt service savings by refunding the Authority's outstanding Local Development Refunding Bonds, Series 2002 (Limited Tax General Obligation) which were issued to construct the Technology Center for Grand Valley State University.

The enclosed Resolution pledges the City's limited tax full faith and credit support for the Authority's Bonds to be issued in anticipation of the receipt of tax increment revenues by the Authority. The Bonds are payable primarily from tax increment revenues of the Authority and secondarily as a limited tax obligation of the City. If there are not sufficient tax increment revenues to pay the debt service on the Bonds for any reason, the City would need to provide the funds from its General Fund or other available funds. The limited tax pledge of the City obligates the City to levy taxes up to its charter tax rate limitations to pay the debt service on the bonds.

After adoption of the enclosed Resolution, I would appreciate it if you could send me four certified copies of the Resolution.

If you have any questions, please give me a call.

Very truly yours,

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.

By: ______________________________

Patrick F. McGow

Enclosures

Cc: (w/encl.):
Warren Creamer
Michael McCarty
Steven Mann, Esq.

19,764,944.1\063684-00040

Resolution Pledging Limited Tax Full Faith and Credit in Support of Local Development Finance Authority of the City of Muskegon Local Development Refunding Bonds, Series 2012 (Limited Tax General Obligation)

City of Muskegon
County of Muskegon, State of Michigan

Minutes of a regular meeting of the City Commission the City of Muskegon, County of Muskegon, State of Michigan, held on the 24th day of January, 2012.

PRESENT: Members ____

____

ABSENT: Members ____

The following preamble and resolution were offered by Member ____________________ and supported by Member ____________________:

WHEREAS, the Local Development Finance Authority of the City of Muskegon, County of Muskegon, State of Michigan (the "Authority") has previously issued its Local Development Bonds, Series 2002 (Limited Tax General Obligation), dated November 1, 2002 (the "Prior Bonds") for the purpose of paying part of the cost to acquire, construct, furnish and equip the Technology Center for Grand Valley State University in the Authority's Muskegon Lakeshore SmartZone District; and

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and Act 281, Public Acts of Michigan, 1996, as amended ("Act 281"), permit the Authority to refund on a current or advance basis all or part of the outstanding securities of the Authority; and

WHEREAS, the Authority proposes to issue its Local Development Refunding Bonds, Series 2012 (Limited Tax General Obligation) in the principal amount of not to exceed Four Million Seven Hundred Fifty Thousand Dollars ($4,750,000), (the "Bonds") to pay the costs of refunding all or a portion of the Prior Bonds to achieve debt service savings; and

WHEREAS, the Authority has adopted a resolution authorizing the issuance of the Bonds in accordance with the provisions of Act 281 and Act 34; and

WHEREAS, pursuant to Section 14(2) of Act 281, the City had previously pledged its limited tax full faith and credit as additional security for the payment of the Prior Bonds and it is necessary to confirm that pledge as additional security for the Bonds.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Limited Tax Pledge. The City hereby irrevocably pledges its limited tax full faith and credit and resources to the payment of the Bonds to be issued in the principal amount of not to exceed Four Million Seven Hundred Fifty Thousand Dollars ($4,750,000). If at any time the Debt Retirement

Fund for the Bonds (as that Fund is established by the Authority) is insufficient to pay the principal of and interest on the Bonds as the same become due, the City upon notification by the Authority's Treasurer, shall as a first budget obligation advance from its available funds a sufficient amount to pay said principal and interest, or in the event of insufficiency of the City's general funds, levy ad valorem taxes on all taxable property within the boundaries of the City in an amount sufficient to pay said principal and interest, providing such tax levy shall be within applicable constitutional, statutory and charter tax rate limitations.

2. Tax Covenant; Qualified Tax Exempt Obligations. The City hereby covenants to take all action within its control to the extent permitted by law necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including but not limited to, actions relating to the rebate of arbitrage earnings and the expenditure and investment of proceeds of the Bonds and moneys deemed to be proceeds of the Bonds. The Bonds are hereby authorized to be designated as "qualified tax exempt obligations" for the purpose of deduction of interest expense by financial institutions pursuant to the Code.

3. Authorization for Further Actions. The City Manager and Finance Director and other officers, agents and employees of the City are each authorized and directed to take all other actions necessary or advisable, and to make such other filings, applications or request for waivers with the Michigan Department of Treasury or with other parties, to enable the sale and delivery of the Bonds.

4. Conflict; Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

RESOLUTION DECLARED ADOPTED.

AYES: ____

____

NAYS: ____

____

City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Commission of the City of Muskegon, County of Muskegon, State of Michigan, at a regular meeting held on January 24, 2012, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

____

City Clerk

19,764,958.1\063684-00040

BAIRD

TABLE OF CONTENTS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

SOURCES AND USES OF FUNDS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Dated Date	03/01/2012
Delivery Date	03/01/2012

Sources:	
Bond Proceeds:	
Par Amount	4,365,000.00
Other Sources of Funds:	
Prior Debt Service Fund	61,149.17
	4,426,149.17

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	0.76
SLGS Purchases	4,326,457.00
	4,326,457.76
Delivery Date Expenses:	
Cost of Issuance	53,750.00
Underwriter's Discount	43,650.00
	97,400.00
Other Uses of Funds:	
Rounding Amount	2,291.41
	4,426,149.17

BAIRD

BOND PRICING

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds Due 2025:					
	11/01/2013	295,000	1.300%	1.300%	100.000
	11/01/2014	355,000	1.500%	1.500%	100.000
	11/01/2015	370,000	1.700%	1.700%	100.000
	11/01/2016	380,000	1.900%	1.900%	100.000
	11/01/2017	385,000	2.050%	2.050%	100.000
	11/01/2018	400,000	2.200%	2.200%	100.000
	11/01/2019	410,000	2.400%	2.400%	100.000
	11/01/2020	410,000	2.600%	2.600%	100.000
	11/01/2021	255,000	2.800%	2.800%	100.000
	11/01/2022	260,000	3.000%	3.000%	100.000
	11/01/2023	270,000	3.150%	3.150%	100.000
	11/01/2024	280,000	3.350%	3.350%	100.000
	11/01/2025	295,000	3.550%	3.550%	100.000
		4,365,000			

Dated Date	03/01/2012	
Delivery Date	03/01/2012	
First Coupon	11/01/2012	
Par Amount	4,365,000.00	
Original Issue Discount		
Production	4,365,000.00	100.000000%
Underwriter's Discount	-43,650.00	-1.000000%
Purchase Price	4,321,350.00	99.000000%
Accrued Interest		
Net Proceeds	4,321,350.00	

BAIRD

BOND SUMMARY STATISTICS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Dated Date	03/01/2012
Delivery Date	03/01/2012
Last Maturity	11/01/2025
Arbitrage Yield	2.660561%
True Interest Cost (TIC)	2.814070%
Net Interest Cost (NIC)	2.822937%
All-In TIC	3.006038%
Average Coupon	2.686871%
Average Life (years)	7.349
Duration of Issue (years)	6.627
Par Amount	4,365,000.00
Bond Proceeds	4,365,000.00
Total Interest	861,948.33
Net Interest	905,598.33
Total Debt Service	5,226,948.33
Maximum Annual Debt Service	473,797.50
Average Annual Debt Service	382,459.63
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	10.000000
Total Underwriter's Discount	10.000000
Bid Price	99.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bonds Due 2025	4,365,000.00	100.000	2.687%	7.349	2,812.40
	4,365,000.00			7.349	2,812.40

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,365,000.00	4,365,000.00	4,365,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-43,650.00	-43,650.00	
- Cost of Issuance Expense		-53,750.00	
- Other Amounts			
Target Value	4,321,350.00	4,267,600.00	4,365,000.00
Target Date	03/01/2012	03/01/2012	03/01/2012
Yield	2.814070%	3.006038%	2.660561%

BAIRD

BOND DEBT SERVICE

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
11/01/2012			68,773.33	68,773.33
11/01/2013	295,000	1.300%	103,160.00	398,160.00
11/01/2014	355,000	1.500%	99,325.00	454,325.00
11/01/2015	370,000	1.700%	94,000.00	464,000.00
11/01/2016	380,000	1.900%	87,710.00	467,710.00
11/01/2017	385,000	2.050%	80,490.00	465,490.00
11/01/2018	400,000	2.200%	72,597.50	472,597.50
11/01/2019	410,000	2.400%	63,797.50	473,797.50
11/01/2020	410,000	2.600%	53,957.50	463,957.50
11/01/2021	255,000	2.800%	43,297.50	298,297.50
11/01/2022	260,000	3.000%	36,157.50	296,157.50
11/01/2023	270,000	3.150%	28,357.50	298,357.50
11/01/2024	280,000	3.350%	19,852.50	299,852.50
11/01/2025	295,000	3.550%	10,472.50	305,472.50
	4,365,000		861,948.33	5,226,948.33

SAVINGS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 03/01/2012 @ 3.0060384%
11/01/2012	183,447.50	61,149.17	122,298.33	68,773.33	53,525.00	52,618.01
11/01/2013	423,447.50		423,447.50	398,160.00	25,287.50	24,634.86
11/01/2014	479,087.50		479,087.50	454,325.00	24,762.50	23,387.50
11/01/2015	486,735.00		486,735.00	464,000.00	22,735.00	20,835.27
11/01/2016	488,572.50		488,572.50	467,710.00	20,862.50	18,548.75
11/01/2017	489,462.50		489,462.50	465,490.00	23,972.50	20,585.99
11/01/2018	494,375.00		494,375.00	472,597.50	21,777.50	18,137.46
11/01/2019	498,062.50		498,062.50	473,797.50	24,265.00	19,538.25
11/01/2020	485,485.00		485,485.00	463,957.50	21,527.50	16,805.26
11/01/2021	322,085.00		322,085.00	298,297.50	23,787.50	17,961.41
11/01/2022	320,355.00		320,355.00	296,157.50	24,197.50	17,706.57
11/01/2023	323,165.00		323,165.00	298,357.50	24,807.50	17,593.45
11/01/2024	324,585.00		324,585.00	299,852.50	24,732.50	16,998.74
11/01/2025	330,277.50		330,277.50	305,472.50	24,805.00	16,522.64
	5,649,142.50	61,149.17	5,587,993.33	5,226,948.33	361,045.00	301,874.16

Savings Summary

PV of savings from cash flow	301,874.16
Plus: Refunding funds on hand	2,291.41
Net PV Savings	304,165.57

SUMMARY OF REFUNDING RESULTS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Dated Date	03/01/2012
Delivery Date	03/01/2012
Arbitrage yield	2.660561%
Escrow yield	0.070348%
Bond Par Amount	4,365,000.00
True Interest Cost	2.814070%
Net Interest Cost	2.822937%
All-In TIC	3.006038%
Average Coupon	2.686871%
Average Life	7.349
Par amount of refunded bonds	4,145,000.00
Average coupon of refunded bonds	4.566675%
Average life of refunded bonds	7.623
PV of prior debt to 03/01/2012 @ 3.006038%	4,630,623.33
Net PV Savings	304,165.57
Percentage savings of refunded bonds	7.338132%
Percentage savings of refunding bonds	6.968283%

PRIOR BOND DEBT SERVICE

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
11/01/2012			183,447.50	183,447.50
11/01/2013	240,000	3.900%	183,447.50	423,447.50
11/01/2014	305,000	4.050%	174,087.50	479,087.50
11/01/2015	325,000	4.050%	161,735.00	486,735.00
11/01/2016	340,000	4.150%	148,572.50	488,572.50
11/01/2017	355,000	4.250%	134,462.50	489,462.50
11/01/2018	375,000	4.350%	119,375.00	494,375.00
11/01/2019	395,000	4.450%	103,062.50	498,062.50
11/01/2020	400,000	4.600%	85,485.00	485,485.00
11/01/2021	255,000	4.600%	67,085.00	322,085.00
11/01/2022	265,000	4.600%	55,355.00	320,355.00
11/01/2023	280,000	4.850%	43,165.00	323,165.00
11/01/2024	295,000	4.850%	29,585.00	324,585.00
11/01/2025	315,000	4.850%	15,277.50	330,277.50
	4,145,000		1,504,142.50	5,649,142.50

SUMMARY OF BONDS REFUNDED

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Lcoal Development Bonds, Series 2002 (Limited Tax General Obligation):					
BOND25	11/01/2013	3.900%	240,000.00	11/01/2012	100.000
	11/01/2014	4.050%	305,000.00	11/01/2012	100.000
	11/01/2015	4.050%	325,000.00	11/01/2012	100.000
	11/01/2016	4.150%	340,000.00	11/01/2012	100.000
	11/01/2017	4.250%	355,000.00	11/01/2012	100.000
	11/01/2018	4.350%	375,000.00	11/01/2012	100.000
	11/01/2019	4.450%	395,000.00	11/01/2012	100.000
	11/01/2020	4.600%	400,000.00	11/01/2012	100.000
	11/01/2021	4.600%	255,000.00	11/01/2012	100.000
	11/01/2022	4.600%	265,000.00	11/01/2012	100.000
	11/01/2023	4.850%	280,000.00	11/01/2012	100.000
	11/01/2024	4.850%	295,000.00	11/01/2012	100.000
	11/01/2025	4.850%	315,000.00	11/01/2012	100.000
			4,145,000.00		

UNREFUNDED BOND DEBT SERVICE

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
11/01/2012	180,000	4.000%	7,200	187,200
	180,000		7,200	187,200

ESCROW DESCRIPTIONS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Mar 1, 2012:							
	SLGS	Certificate	05/01/2012	05/01/2012	91,723		
	SLGS	Certificate	11/01/2012	11/01/2012	4,234,734	0.070%	0.070%
					4,326,457		

SLGS Summary

SLGS Rates File	03JAN12
Total Certificates of Indebtedness	4,326,457.00

ESCROW COST

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	05/01/2012	91,723		91,723.00
SLGS	11/01/2012	4,234,734	0.070%	4,234,734.00
		4,326,457		4,326,457.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
03/01/2012	4,326,457	0.76	4,326,457.76
	4,326,457	0.76	4,326,457.76

ESCROW CASH FLOW

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Date	Principal	Interest	Net Escrow Receipts
05/01/2012	91,723.00		91,723.00
11/01/2012	4,234,734.00	1,989.74	4,236,723.74
	4,326,457.00	1,989.74	4,328,446.74

Escrow Cost Summary

Purchase date	03/01/2012
Purchase cost of securities	4,326,457.00

ESCROW SUFFICIENCY

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
03/01/2012		0.76	0.76	0.76
05/01/2012	91,723.75	91,723.00	-0.75	0.01
11/01/2012	4,236,723.75	4,236,723.74	-0.01	
	4,328,447.50	4,328,447.50	0.00	

ESCROW STATISTICS

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
PRIOR	61,149.17	0.167			60,880.40	268.77	
BP	4,265,308.59	0.663	0.070348%	0.070348%	4,193,166.14	72,142.45	
	4,326,457.76				4,254,046.54	72,411.22	0.00

Delivery date	03/01/2012
Arbitrage yield	2.660561%

PROOF OF COMPOSITE ESCROW YIELD

Local Development Finance Authority of the City of Muskegon
Local Development Refunding Bonds, Series 2012
(Limited Tax General Obligation)
Refunding of 2002 LDFA Bonds

All restricted escrows funded by bond proceeds

Date	Security Receipts	Present Value to 03/01/2012 @ 0.0703482%
05/01/2012	30,574.00	30,570.42
11/01/2012	4,236,723.74	4,234,737.58
	4,267,297.74	4,265,308.00

Escrow Cost Summary

Purchase date	03/01/2012
Purchase cost of securities	4,265,308.00
Target for yield calculation	4,265,308.00

DATE: 01/13/2012

TO: Honorable Mayor and Commissioners

FROM: Jeffrey Lewis, Director of Public Safety

RE: Concurrence with the Housing Board of Appeals Notice and Order to Demolish. Dangerous Building Case #: EN110173

SUMMARY OF REQUEST: This is to request that the City Commission Concur with the findings of the Housing Board of Appeals that the structure located at **1467 TERRACE ST Area 11** is unsafe, substandard, a public nuisance and that it be demolished within thirty (30) days. It is further requested that administration be directed to obtain bids for the demolition of the structure and that the Mayor and City Clerk be authorized and directed to execute a contract for demolition with the lowest responsible bidder.

Case# & Project Address: # EN110173 - 1467 TERRACE ST

Location and ownership: This structure is located on Terrace St. between E. Grand Ave. and McLaughlin Streets and is owned by JOHNSON LOLA H/JOHNSON PATRICE.

Staff Correspondence: A dangerous building inspection was conducted on 10/05/11 based upon a fire inspection report. The Notice and Order to Repair was issued on 10/17/11. On 12/01/11 the HBA declared the structure substandard and dangerous.

Owner Contact: No one was present for the HBA meeting dated 12/01/11. Some notices sent certified mail have returned unclaimed. No permits have been issued and no owner contact since fire.

Financial Impact: CDBG Funds

Budget action required: None

State Equalized value: $7,000 (Entire property)

Estimated cost to repair: $50,000

Staff Recommendation: To concur with the Housing Board of Appeals decision to demolish.

CITY OF MUSKEGON

933 Terrace St., P.O. Box 537, Muskegon, MI 49443 (231) 724-6715

DANGEROUS BUILDING INSPECTION REPORT

Thursday, October 6, 2011

Enforcement # EN110173 **Property Address** 1467 TERRACE ST
Parcel #24-205-272-0016-00 **Owner** JOHNSON LOLA H/JOHNSON PATRICE

Inspector: Henry Faltinowski

Date completed: 10/05/2011

DEFICENCIES:

1. Structural damage to roof system rafters ceiling, joists, sheathing.
2. All upper walls, ceiling floors severely burnt.
3. Remove all burnt floor coverings, wall coverings, ceiling covering. Need to analyze structural damage.
4. Provide interior inspection when building is supported from collapse.
5. Replace all damaged siding and roof coverings.
6. Replace windows frames, doors.
7. Provide smoke alarms.

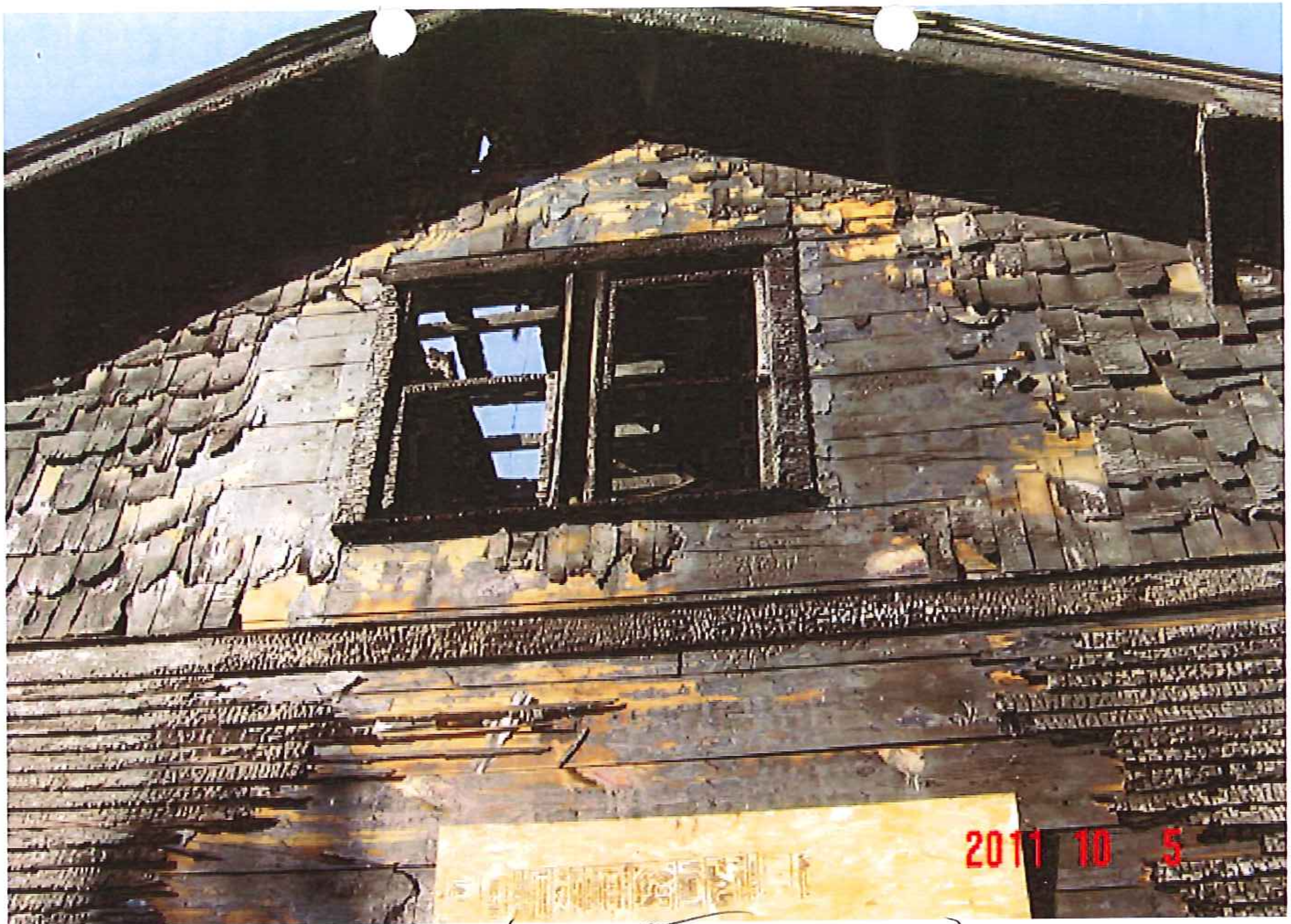
Request interior inspection by all trades, electrical, mechanical and plumbing. Please contact Inspection Services with any questions or to schedule an inspection at 933 Terrace St., Muskegon, MI 49440 (231) 724 6758.

Based upon my recent inspection of the above property I determined that the structure meets the definition of a Dangerous Building and/or Substandard Building as set forth in Section 10-61 of the Muskegon City Code.

______________________________ ________________
Henry Faltinowski, Building Inspector Date

1467 TERRACE ST. FIRE DAMAGED - D.B.

10/5/2011



1467 Terrace

DATE: 01/13/2012

TO: Honorable Mayor and Commissioners

FROM: Jeffrey Lewis, Director of Public Safety

RE: Concurrence with the Housing Board of Appeals Notice and Order to Demolish. Dangerous Building Case #: EN110157

SUMMARY OF REQUEST: This is to request that the City Commission Concur with the findings of the Housing Board of Appeals that the structure located at **2226 CONTINENTAL ST** is unsafe, substandard, a public nuisance and that it be demolished within thirty (30) days. It is further requested that administration be directed to obtain bids for the demolition of the structure and that the Mayor and City Clerk be authorized and directed to execute a contract for demolition with the lowest responsible bidder.

Case# & Project Address: # EN110157 - 2226 CONTINENTAL ST

Location and ownership: This structure is located on Continental St. between E. Hackley Ave. and Barney Streets and is owned by SPRINGSTEAD WILLIAM J.

Staff Correspondence: A dangerous building inspection was conducted on 09/09/11 based on fire inspection report dated 01/06/11. The Inspections Department received numerous complaints from neighbors regarding debris in yard. The Notice and Order to Repair was issued on 09/13/11. On 11/03/11 the HBA declared the structure substandard and dangerous.

Owner Contact: No one was present for the HBA meeting dated 11/03/11. No permits have been issued and no owner contact.

Financial Impact: CDBG Funds

Budget action required: None

State Equalized value: $ 4,900(Entire property)

Estimated cost to repair: $ 75,000

Staff Recommendation: To concur with the Housing Board of Appeals decision to demolish.

CITY OF MUSKEGON

933 Terrace St., P.O. Box 537, Muskegon, MI 49443 (231) 724-6715

DANGEROUS BUILDING INSPECTION REPORT

Tuesday, September 13, 2011

Enforcement # EN110157 **Property Address** 2226 CONTINENTAL ST
Parcel #24-860-000-0079-00 **Owner** SPRINGSTEAD WILLIAM J

Inspector: Henry Faltinowski

Date completed: 09/09/2011

DEFICENCIES:

1. Home is severly damaged by fire. Structural rafters, ceiling joists, walls, floors.
2. Numerous fire debris around home. Home open- siding, roofing, windows, doors.

Fire report dated: 01/06/11

1. Replumb entire house to code.
2. Provide heat source for all habitable spaces.
3. Remove heating device from existing garage.
4. Replace all damaged roof rafters - ceiling joists.
5. Replace sheathing and roof covering.
6. Rebuild all damaged exterior and interior walls.
7. Insulate and drywall throughout.
8. Replace all damaged floor systems, and floor coverings.
9. Smoke alarms required to code.
10. Egress windows to code in bedrooms.
11. Replace siding - windows and doors.
12. Rewire entire building to meet MRC

Request interior inspection by all trades, electrical, mechanical and plumbing. Please contact Inspection Services with any questions or to schedule an inspection at 933 Terrace St., Muskegon, MI 49440 (231) 724 6758.

Based upon my recent inspection of the above property I determined that the structure meets the definition of a Dangerous Building and/or Substandard Building as set forth in Section 10-61 of the Muskegon City Code.

________________________________ ________________

Henry Faltinowski, Building Inspector Date

24-860-000-0079-00 2226 CONTINENTAL ST 01-03-11 L FRONT VIEW

2266 Continental

DATE: 01/13/2012

TO: Honorable Mayor and Commissioners

FROM: Jeffrey Lewis, Director of Public Safety

RE: Concurrence with the Housing Board of Appeals Notice and Order to Demolish. Dangerous Building Case #: EN110185

SUMMARY OF REQUEST: This is to request that the City Commission Concur with the findings of the Housing Board of Appeals that the structure located at **167 MASON AVE (Home & Garage) Area 10** is unsafe, substandard, a public nuisance and that it be demolished within thirty (30) days. It is further requested that administration be directed to obtain bids for the demolition of the structure and that the Mayor and City Clerk be authorized and directed to execute a contract for demolition with the lowest responsible bidder.

Case# & Project Address: # EN110185 - 167 MASON AVE

Location and ownership: This structure is located on Mason between Fourth and Third Streets and is owned by NNNN HOLDING LLC.

Staff Correspondence: A dangerous building inspection was first conducted on garage on 12/01/10. The home had a fire and a dangerous building inspection was conducted on home based on fire report 10/20/11. The Notice and Order to Repair was issued on 10/20/11. On 12/01/11 the HBA declared the structure substandard and dangerous.

Owner Contact: No one was present for the HBA meeting dated 12/01/11. No permits have been issued and no inspections scheduled.

Financial Impact: CDBG Funds

Budget action required: None

State Equalized value: $17,900 (Entire property)

Estimated cost to repair: $ 40,000

Staff Recommendation: To concur with the Housing Board of Appeals decision to demolish.

CITY OF MUSKEGON

933 Terrace St., P.O. Box 537, Muskegon, MI 49443 (231) 724-6715

DANGEROUS BUILDING INSPECTION REPORT

Thursday, October 20, 2011

Enforcement # EN110185 **Property Address** 167 MASON AVE
Parcel #24-205-393-0013-00 **Owner** NNNN HOLDING LLC

Inspector: Henry Faltinowski

Date completed: 01/28/2011

DEFICENCIES:

1. Smoke alarms installed per MRC.
2. Remove wall, floor, ceiling coverings in kitchen and fire damaged rooms.
3. Encapsulate all smoke damage.
4. Remove ceiling insulation install new.
5. Replace damaged floor coverings.
6. Install new furnace to MRC code.
7. Rewire dwelling to MRC code.
8. all new framing must meet w009 MRC requirements.
9. Call for interior inspection when all fire damaged debris is removed from hom for further structural framing inspection.
10. Provide carbon monoxide detectors.
11. Replace all damaged doors and windows.
GARAGE:
12. Garage roof system failing missing, sheathing roof covering.
13. Rafters structurally failing in state of roof collapse.
14. Request interior inspection.

Request interior inspection by all trades, electrical, mechanical and plumbing. Please contact Inspection Services with any questions or to schedule an inspection at 933 Terrace St., Muskegon, MI 49440 (231) 724 6758.

Based upon my recent inspection of the above property I determined that the structure meets the definition of a Dangerous Building and/or Substandard Building as set forth in Section 10-61 of the Muskegon City Code.

Henry Faltinowski, Building Inspector

Date

167 MASON 7/20/2011 D.B.

167 Mason 7/20/2011 CB.

Date: January 24, 2012

To: Honorable Mayor and City Commissioners

From: City Clerk, Ann Marie Cummings

RE: Ward and Precinct Redistricting

SUMMARY OF REQUEST: Due to the 2010 Census, the County district lines have changed, so we are requesting permission to change the City precinct/ward lines. This will allow us to balance the number of registered voters in the precincts and to reduce the number of split precincts. We also request to change the numbers of the precincts from 1 through 14.

FINANCIAL IMPACT: None.

BUDGET ACTION REQUIRED: None.

STAFF RECOMMENDATION: To approve the request.

COMMITTEE RECOMMENDATION: This has been approved by the Election Commission.

Precinct	Pnum	Population	Dev_from_Ideal	Dev %
1	D1	1754	-129	-6.85
2	D2	1534	-349	-18.53
3	D3	1662	-221	-11.74
4	D4	1713	-170	-9.03
5	D5	1883	0	0
6	D6	2099	216	11.47
7	D7	2435	552	29.31
8	D8	1785	-98	-5.2
9	D9	2364	481	25.54
10	D10	2218	335	17.79
11	D11	2104	221	11.74
12	D12	1864	-19	-1.01
13	D13	1790	-93	-4.94
14	D14	1160	-723	-38.4

Ward	WardNum	Population	Dev from Ideal	Dev %
1	W1	6663	72	1.09
2	W2	6417	-174	-2.64
3	W3	6367	-224	-3.4
4	W4	6918	327	4.96

AGENDA ITEM NO. ___________________

CITY COMMISSION MEETING __________________________

TO: Honorable Mayor and City Commissioners

FROM: Bryon L. Mazade, City Manager

DATE: January 19, 2012

RE: Use of Explosives for Demolition on Former Sappi Property

SUMMARY OF REQUEST:
To give permission to demolish the large stick (280') and the bleach plant by use of explosives on the former Sappi property contingent upon review and approval of the demolition plan by all appropriate City staff. City approval for use of explosives is necessary pursuant to City Ordinance 10-136 (attached).

FINANCIAL IMPACT:
None.

BUDGET ACTION REQUIRED:
None.

STAFF RECOMMENDATION:
To approve the use of explosives for demolition as described above, contingent upon review and approval of the demolition plan by all appropriate City staff.

COMMITTEE RECOMMENDATION:
None.

passage to and from such buildings.

(Code 1975, § 4-114(1))

Sec. 10-134. Dust control.

During the demolition of any building or structure the work shall be kept thoroughly wetted down to prevent the spread of dust. The owner or contractor shall provide water and necessary connections therefor. The department of inspections may require in appropriate cases, a suitable fence to be constructed around the work site, where conditions indicate that the safety of the public requires such fence.

(Code 1975, § 4-114(2))

Sec. 10-135. Removal of materials.

(a) All buildings and structures to be demolished shall be completely razed and all materials shall be removed from the site, and disposed of in accordance with all applicable laws and regulations. All materials, including, without limitation, every installation, part of a building or accessory building or other improvement on the premises, whether above or below grade, shall be completely removed from the site. No part of any basement or infrastructure below grade shall remain.

(b) Under unusual and extraordinary circumstances and upon written request of the land owner, the City Manager may waive all or part of the above requirement regarding removal of below grade materials or infrastructure. Upon approval of the waiver, the landowner shall execute and record with the Muskegon County Register of Deeds a notice indicating to future owners of the property that underground materials or infrastructure remains on the property.

(Code 1975, § 4-114(3); Ord. No. 2213, 1-9-2007)

Sec. 10-136. Explosives prohibited; exception.

Explosives shall not be used for demolition except by prior written permission of the city and after the owner and contractor have obtained and exhibited all necessary permits therefor.

(Code 1975, § 4-114(4))

Sec. 10-137. Disposal of debris and materials.

All debris, combustible and noncombustible, hazardous materials of any kind and all other materials shall be disposed of in accordance with all applicable statutes, ordinances and regulations of the United States, the state, or any local ordinance, rule or regulation, including those of locations where the materials are deposited or transported for disposal.

(Code 1975, § 4-114(5))

Sec. 10-138. Fill of below grade spaces.

All below grade spaces, depressions or excavations, including without limitations