

Downtown Development Authority

Special Meeting Agenda

Wednesday, August 21, 2013
Noon, Council Chambers



City of South Haven

MISSION STATEMENT: The Downtown Development Authority (DDA) is to be a leader in helping to fulfill the City of South Haven Municipal Plan; through planning, funding, and development of projects within the DDA District which promote, encourage and contribute to the overall economic growth and development of the community.

1. **Call to Order**
2. **Roll Call**
3. **Approval of Agenda**
4. **DDA will be asked to consider the adoption of a Resolution Requesting the City of South Haven Issue Downtown Development Bonds Pledging Tax Increment Revenues as Security and Approving Estimates of Projected Tax Increment Revenue.**
5. **Adjourn**

RESPECTFULLY SUBMITTED,

Deb Davidson
DDA Director

South Haven City Hall is Barrier-free and the City of South Haven will provide the necessary reasonable auxiliary aids and services for persons with disabilities, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting to individuals with disabilities at the meeting upon seven (7) days notice to the South Haven City Clerk. Individuals with disabilities requiring services should contact the City Clerk by writing or calling South Haven City Hall at (269) 637-0700.



Agenda Item 4

DDA will be asked to consider the adoption of a Resolution Requesting the City of South Haven Issue Downtown Development Bonds Pledging Tax Increment Revenues as Security and Approving Estimates of Projected Tax Increment Revenue.

The DDA Board will be asked to give approval to the Phoenix Street project and the use of tax increment revenues to pay the debt service on bonds for the project.

In short, the DDA is giving its approval to the Phoenix Street project and the use of tax increment revenues to pay the debt service on bonds for the project. The resolution approves an estimate of the tax increment revenues that will be generated over the life of the bond issue, and by the resolution the DDA pledges to pay the necessary amount of tax increment revenues over to the City to enable the City to pay the debt service on the bonds.

The City attorney is completing the resolution at this time. Once I have it in my hands, I will email it to you and place it on the web site for public viewing.

RESPECTFULLY SUBMITTED,

Deb Davidson
DDA Director

**DOWNTOWN DEVELOPMENT AUTHORITY
OF THE
CITY OF SOUTH HAVEN
(Van Buren and Allegan Counties, Michigan)**

Resolution No. _____

**RESOLUTION REQUESTING THE CITY OF SOUTH HAVEN ISSUE
DOWNTOWN DEVELOPMENT BONDS, PLEDGING TAX INCREMENT
REVENUES AS SECURITY AND APPROVING ESTIMATES OF
PROJECT TAX INCREMENT REVENUE**

Minutes of a meeting of the Board of the Downtown Development Authority of the City of South Haven, Van Buren and Allegan Counties, Michigan, held in the City Hall, 539 Phoenix Street, South Haven, Michigan 49090, on August 21, 2013, at 12:00 p.m., local time.

PRESENT: Members _____

ABSENT: Members _____

The following resolution was offered by Member _____ and supported by Member _____:

WHEREAS, the City of South Haven (the "City"), Van Buren and Allegan Counties, Michigan, has established and created the Downtown Development Authority of the City of South Haven (the "DDA") pursuant to Act 197, Public Acts of Michigan, 1975, as amended (the "Act 197"); and

WHEREAS, the City has approved the Development Plan and Tax Increment Financing Plan (the "Plan") established by the DDA. The Plan provides for development of the Development Area described in the Plan (the "Development Area") in accordance with the Development Projects described in the Plan (the "Development Projects"); and

WHEREAS, the City Council has determined that it is necessary and appropriate at this time to issue a series of general obligation limited tax development bonds pursuant to Section 16 of Act 197 to finance a portion of the costs of public facilities, as defined in Act 197, including designing, acquiring, constructing and financing certain improvements related to the Development Projects, including but not limited to, street improvements, including street construction and reconstruction, curb and gutter and sidewalk improvements; storm sewer and drainage improvements; sanitary sewer system improvements; water supply system improvements; streetscape improvements and enhancements, including, but not limited to,

expanded sidewalks and urban green space, new street furniture, public art, and a public wireless internet system, as well as other public infrastructure improvements that are included in the Plan as well as all work necessary or incidental to these improvements (the “Public Improvements”); and

WHEREAS, the City intends to issue its limited tax, general obligation bonds pursuant to Act 197, in an amount of not to exceed \$2,950,000 (the “Bonds”) secured by future Tax Increment Revenues (defined below), for the purpose of financing a portion of the cost of the construction of the Public Improvements; and

WHEREAS, during the term of the bonds the City Treasurer shall transmit to the DDA that portion of the tax levy of certain taxing bodies paid each year on the captured assessed value of real and personal property in the Development Area designated in the Plan (the “Tax Increment Revenues”); and

WHEREAS, the DDA intends to pledge the Tax Increment Revenues to the payment by the City of the Bonds issued for the purpose of constructing the Public Improvements; and

WHEREAS, the amount and repayment schedule of the Bonds to be issued by the City must conform to the Tax Increment Revenues to be received by the DDA after deducting the annual debt service on outstanding obligations that pledge such Tax Increment Revenues, and

WHEREAS, the City Treasurer has presented to this Board a projection of estimated Tax Increment Revenue.

NOW THEREFORE, BE IT HEREBY RESOLVED that:

1. The DDA hereby recommends that the City issue the Bonds in an amount not to exceed \$2,950,000 pursuant to Act 197, for the purpose of financing the construction of the Public Improvements.

2. The estimate of Tax Increment Revenues for each year, as shown on Exhibit A attached hereto, is hereby adopted as, and is deemed to be, a true and accurate estimate of the Tax Increment Revenues to be captured by the DDA, and is hereby submitted to the City Council.

3. The DDA hereby pledges and agrees to pay the City the amount necessary to pay principal of and interest on the Bonds as they come due, from Tax Increment Revenues received by the DDA or from other funds available to the DDA for this purpose. In the event the funds of the DDA are insufficient to pay the principal of and interest on any Bonds as they become due,

and the City pays such sums from its own funds, the DDA agrees to reimburse the City in whole for such payments plus interest at a rate established by the City's Finance Director from funds of the DDA as the same are available.

4. The DDA hereby acknowledges that the City will incur expenses and issue the Bonds in reliance upon the agreement and promise of the DDA to pay to the City from Tax Increment Revenues, or from other funds available to the DDA, the amounts necessary to pay the principal of an interest of the Bonds. The DDA hereby covenants to take all actions necessary to receive all Tax Increment Revenues or revenues available to the DDA in lieu of or in replacement of Tax Increment Revenues on a timely basis sufficient to pay to the City the amounts agreed herein. The provisions of this Resolution shall constitute a contract between the DDA and the City, and no change, variation or alteration of the provisions of this Resolution may be made without the consent of the City. The provisions of this Resolution shall be enforceable by appropriate proceedings taken by the holder or holders of the Bonds, either at law or in equity.

5. Either the Chairperson, the Vice Chairperson, the Treasurer, or the Secretary of the DDA is hereby authorized to provide a revised estimate of the anticipated revenues to the City Council if such revised schedule of revenues should become available in the process of preparing for issuance and sale of the Bonds.

6. The DDA hereby covenants to take all action 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 thereof.

7. Either the Chairperson, the Vice Chairperson, the Treasurer, or the Secretary of the DDA and any other officers, administrators, agents and attorneys of the DDA are authorized and directed to execute and deliver all other agreements, documents and certificates and to take all other actions necessary or convenient to help the City issue, sell, and deliver the Bonds in accordance with this resolution.

8. All resolutions or parts of resolutions in conflict herewith shall be and the same are hereby rescinded to the extent of such conflict.

YEAS: Members _____

NAYS: Members _____

ABSENT: Members _____

RESOLUTION DECLARED ADOPTED.

Marsha Ransom, Secretary
Downtown Development Authority

STATE OF MICHIGAN)
)SS
COUNTY OF ALLEGAN)

I, Marsha Ransom, hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of the Downtown Development Authority at a meeting held on August 21, 2013, and that public notice of said meeting was given pursuant to Act No. 267, Public Acts of Michigan, 1976, including, in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature this 21st day of August, 2013.

Marsha Ransom, Secretary
Downtown Development Authority

EXHIBIT A

<u>PLAN YEAR</u>	<u>TOTAL CAPTURE</u>
2014	\$1,542,255
2015	1,528,348
2016	1,143,311
2017	1,138,168
2018	1,124,131
2019	1,129,643
2020	1,135,183
2021	1,140,750
2022	1,146,345
2023	1,151,968
2024	1,157,619
2025	1,163,298
2026	1,169,005
2027	1,174,742
2028	1,180,507
2029	1,186,300
2030	1,192,123
2031	1,197,975
2032	1,203,856
2033	1,209,766