



LOCAL DEVELOPMENT FINANCE AUTHORITY

October 26, 2015

**CITY OF PORTAGE
LOCAL DEVELOPMENT FINANCE AUTHORITY
BOARD OF DIRECTORS MEETING**

A G E N D A

October 26, 2015, 8:00 a.m.

CALL TO ORDER:

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

APPROVAL OF MINUTES:

- * September 19, 2014

BUSINESS:

- * 1. Election of Officers
 - Member listing
 - Articles of Incorporation
- * 2. Communication from the Finance and Purchasing Director William Furry
 - Resolution Authorizing Refunding of the City of Portage Local Development Finance Authority Bonds Series 2004, and
 - Resolution Approving the undertaking to provide continuing disclosure by the City of Portage for the Local Development Financing Authority Refunding Bonds, Series 2015.
- * 3. FY 2013-14 Annual Financial Reports
 - Communication from the Community Development Director
 - Resolution Approving and Authorizing Transmission of the Financial Report on the Status of the Tax Increment Financing Plan

STATEMENT OF CITIZENS:

ADJOURNMENT:

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

PORTAGE LOCAL DEVELOPMENT FINANCE AUTHORITY

Friday, September 19, 2014

The Portage Local Development Finance Authority meeting on September 19, 2014 was called to order at 8:15 a.m. in Conference Room #1 of Portage City Hall, 7900 South Westnedge Avenue.

MEMBERS PRESENT:

Tim Wenzel, Dennis Brooks, Phil Stinchcomb, Karla Colestock, Tim Zajac, and Robert Seely

MEMBERS EXCUSED:

Jeff Gardner, Rick DeKam, Sean Silkworth, Larry Killips, and Michael Collins

IN ATTENDANCE:

Vicki Georgeau, Director of Community Development, Robert Luders, Director of Finance and Purchasing, and William Furry, Deputy Director of Revenue/Capital Improvements.

APPROVAL OF MINUTES:

The minutes of the November 10, 2011 meeting were introduced for approval. A motion was offered by Stinchcomb and seconded by Seely to approve the meeting minutes as presented. Upon voice vote, the motion was unanimously approved.

BUSINESS:

1. Election of Officers. Ms. Georgeau reviewed the Articles of Incorporation, and the officers of the Board. The current slate includes Tim Wenzel, Chair; Dennis Brooks, Treasurer; and Engel Corstange, Secretary. There was discussion of the continuation of the current officers with the exception of Secretary. Karla Colestock indicated a willingness to serve as Secretary, and a motion was offered by Seely, seconded by Stinchcomb that the Wenzel serve as Chair, Brooks as Treasurer and Colestock as Secretary. Upon voice vote, the motion was unanimously approved.
2. Resolution Authorizing Refunding of the City of Portage Local Development Finance Authority Bonds. Ms. Georgeau introduced the refinancing proposal and indicated following review by the Board, the information will be forwarded to City Council for approval. Mr. Luders summarized the materials in the agenda prepared by Bond Counsel and the proposal to refinance LDFA bonds that are callable in January 2015. Wenzel inquired in regard to the interest rates now versus the anticipated new rates. Mr. Luders indicated the interest rates associated with bonds that mature in 2015 through 2027 range from 4.25% to 5.0%, whereas an interest rate on the refinancing bond issue of approximately 3.2% if expected. Further, the bond refinancing represents a present value savings of \$91,284. After further discussion, a motion was made by Brooks, seconded by Seely to approve the Resolution Authorizing Refunding of the City of Portage Local Development Finance Authority Bonds. Upon voice vote, the motion was unanimously approved.

3. Resolution Approving the FY2010-11, 2011-12 and 2012-13 Annual Financial Reports. Ms. Georgeau summarized the communication to the Board concerning the annual reports included in the agenda. Following review by the Board, Ms. Georgeau noted the information will be forwarded to City Council and then to the State Tax Commission. Ms. Georgeau explained that the city will complete the Zylman Avenue improvements when the Stryker Corporation completes the expansion project to the East Centre Avenue facility and the Haverhill water tower project is now planned to be completed in FY2018-19, which is intended to improve fire flow within the industrial corridor. Ms. Georgeau noted that the fund balance will be utilized to complete pending improvements as well as fund any shortfalls that may occur from debt expenditures that exceed revenues. In FY 2012-13, staff noted debt expenditures exceeded revenues by \$61,075 primarily due to an increase in principal retirement which fluctuates from year to year. Wenzel inquired if the city will be able to complete the Zylman Road and Haverhill water tower replacement projects given the projected \$2.4 million costs and the \$1.9 million fund balance. Ms. Georgeau indicated the water tower replacement project is planned four years out and no specific time frame is identified at this time for the Zylman Road project and that the costs in the development plan are estimates. Mr. Luders emphasized that the bond refinancing proposal just approved by the Board will help reduce interest rates and debt expenditures in future years. Furthermore, Ms. Georgeau noted several industrial development projects that have occurred within the LDFA over the past three years, as well as pending development projects, that will help increase property tax revenues over time. After further discussion, a motion was made by Stinchcomb, seconded by Seely, to approve the resolution and authorize the transmission of the FY2010-11, 2011-12 and 2012-13 Annual Financial Report on the status of the tax increment financing plan. Upon a voice vote, the resolution was unanimously approved.

STATEMENT OF CITIZENS:

None.

ADJOURNMENT:

There being no further business to come before the Board, the meeting was adjourned at 8:50 a.m.

Respectfully Submitted,

Vicki Georgeau, AICP
Director of Community Development

LOCAL DEVELOPMENT FINANCE AUTHORITY BOARD

Dennis Brooks, Treasurer (City of Portage)	323-3772 H 598-2259 C	3119 Woodhams Ave Portage, MI 49002 db19thhole@gmail.com	03/31/15
Sean Silkworth (City of Portage)	329-1825 H 586 549-0215 C	12591 S 1 st St Schoolcraft, MI 49087 smsilkworth@gmail.com	03/31/15
Tim Zajac (City of Portage)	271-3664 C	Mann+Hummel 6400 S Sprinkle Rd Portage, MI 49002 Tim.zajac@mann-hummel.com	03/31/16
Jeff A. Gardner (City of Portage)	323-7774	5770 Venture Park Kalamazoo, MI 49009	03/31/17
Robert E. Seely (City of Portage)	269 323-0252	9129 Austin Dr Portage, MI 49002	03/31/17
Rick DeKam (City of Portage)	327-8870 H 323-0717 B	6431 Cypress St Portage, MI 49024 rick@midwestrealtly.com	03/31/18
Tim Wenzel, Chair (City of Portage)	323-7714 H 327-4069 B 323-8778 B	3630 East Shore Dr Portage, MI 49002 twenzel@theuniformoutlet.com	03/31/18
Larry Killips (Portage Public Schools)	372-3651 H 323-5855 B	7461 Farmington Ave Kalamazoo, MI 49009	03/31/16
Karla Colestock (Portage Public Schools)	329-4608 H 323-5186 B	5915 Old Mission St Portage, MI 49024 kcolestock@portageps.org	03/31/17
Vacancy (Kalamazoo County)			03/31/18
Michael Collins (Kalamazoo Valley Community College)	488-4255 B	KVCC PO Box 4070 Kalamazoo, MI 49003 mcollins@kvcc.edu	03/31/16
Victoria Georgeau, Ex Officio	329-4480 B	georgeav@portagemi.gov	

CITY OF PORTAGE

At a regular meeting of the City Council of the City of Portage, Michigan, held on the 20th day of March, 1990, at 7:30 p.m., Eastern Standard Time, at the City Hall, Portage, Michigan. There were:

PRESENT: Overlander, Bashaw, Jean, Schreur, Shugars, Sutter, Zull
ABSENT: None

The following preamble and resolution were offered by Councilman Shugars and supported by Councilman Schreur.

**RESOLUTION TO CREATE A LOCAL DEVELOPMENT FINANCE AUTHORITY
AND DESIGNATING THE BOUNDARIES OF A
LOCAL DEVELOPMENT FINANCE DISTRICT**

WHEREAS, pursuant to the provisions of Act No. 281, Public Acts of Michigan of 1986 (the "Act"), the City of Portage wishes to establish a Local Development Finance Authority so it can create and implement a Development and Tax Increment Financing Plan to develop part of the City of Portage within the local development finance district described below.

WHEREAS, the boundaries of the proposed Local Development Finance District (the "District") are as set forth in Attachment A, which is by this reference made a part of this resolution, and

WHEREAS, this action is being undertaken to eliminate the conditions of unemployment, underemployment, and joblessness, and to promote economic growth in the community, utilizing tax increment financing,

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

**RESOLUTION ESTABLISHING AND IMPLEMENTING
THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE
CITY OF PORTAGE**

1. This Resolution shall serve as the permanent Articles of Incorporation of the Local Development Finance Authority of the City of Portage, (the "Authority").

2. Pursuant of Public Act No. 281 of the Michigan Public Acts of 1986, as amended, (the "Act"), there is hereby established a Local Development Finance Authority, (the "Authority").

3. The boundaries of the Authority District shall be as set forth in Appendix A.

4.(1) The Authority shall be under the supervision and control of the Board (the "Board"), which shall include:

(a) Seven (7) members appointed by the Chief Executive of the City of Portage:

(b) One (1) member appointed by the Board of Commissioners of the County of Kalamazoo.

(c) One (1) member representing the Kalamazoo Community College appointed by the chief executive officer of that Community College.

(d) Two (2) members appointed by the chief executive officer of the Portage Public Schools, which levied 20% or more of the ad valorem property taxes levied against all property located in the authority district in the year 1989.

(2) Of the members first appointed, an equal number, as near as possible, shall have terms designated by the City Council of the City of Portage of 1 year, 2 years, 3 years, and 4 years. However, a member shall hold office until the member's successor is appointed. After the first appointment, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made in the same manner as the original appointment. An appointment to fill an unexpired term shall be for the unexpired portion of the term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

5. The majority of the members of the Board shall constitute a quorum for the transaction of business. The Board shall annually elect one of its members as Chairperson, one of its members as Secretary and one of its members as Treasurer.

6. The Board shall prescribe and adopt rules of procedure and the holding of regular meetings, subject to the approval of City Council. Special meetings may be held when called in the manner provided in the rules of the Board.

7. Subject to notice and an opportunity to be heard, a member of the board may be removed before the expiration of his or her term for cause by the governing body, of the appointing unit. Removal of a member is subject to review by the circuit court.

8. All expense items of the authority shall be publicized annually and the financial records shall be open to the public pursuant to the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

9. The board may employ and fix the compensation of a director, subject to the approval of the City Council of the City of Portage as provided in the Act. The director shall serve at the pleasure of the board.

10. The Board and its Chairperson, Secretary and Treasurer shall have those duties and powers as are set forth in the Act.

11. In accordance with the provisions of the Act, the Board may:

(a) Study and analyze unemployment, underemployment, and joblessness and the impact of growth upon the authority district or districts.

(b) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility.

(c) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the City of Portage, to promote the growth of the Authority District and take the steps that are necessary to implement the plans to the fullest extent possible to create jobs, and promote economic growth.

(d) Implement any plan of development necessary to achieve the purposes of this act in accordance with the powers of the Authority as granted by the Act.

(e) Make and enter into contracts necessary or incidental to the exercise of the board's powers and the performance of its duties.

(f) Acquire by purchase or otherwise on terms and conditions and in a manner the authority considers proper, own or lease as lessor or lessee, convey, demolish, relocate, rehabilitate, or otherwise dispose of real or personal property, or rights or interest in that property, which the authority determines is reasonable necessary to achieve the purposes of the Act, and to grant or acquire licenses, easements, and options with respect to the property.

(g) Improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equipment, improve, maintain, repair, or operate a building, as provided in Section 12(3) of the Act for the use, in whole or in part, of a public or private person or corporation, or a combination thereof.

(h) Fix, charge, and collect fees, rents, and charges for the use of a building or property or a part of a building or property under the board's control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the Authority.

(i) Lease a building or property or part of a building or property under the board's control.

(j) Accept grants and donations of property, labor, or other things of value from a public or private source.

(k) Acquire and construct public facilities as defined by the Act.

(l) Incur costs in connection with the performance of the board's authorized functions including, but not limited to, administrative costs, and architects, engineers, legal, and accounting fees.

(m) Plan, propose, and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.

12. The Authority shall be considered an instrumentally of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

13. The City of Portage may take private property under Act No. 87 of the Public Acts of 1980, being sections 213.51 to 213.77 of the Michigan Compiled Laws, for the purpose of transfer to the Authority, and may transfer the property to the Authority for use as authorized in the development program, on terms and conditions it considers appropriate. The taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

14. The activities of the Authority shall be financed from 1 or more of the following sources:

(a) Contributions to the Authority for the performance of its functions.

(b) Revenues from any property, building, or facility owned, leased, licensed, or operated by the Authority or under its control, subject to the limitations imposed upon the Authority by trusts or other agreements.

(c) Tax increments received pursuant to a tax increment financing plan established under Section 12 to 14 of the Act.

(d) Proceeds of tax increment bonds issued pursuant to Section 14 of the Act.

(e) Proceeds of revenue bonds issued pursuant to Section 11 of the Act.

(f) Money obtained from any other sources approved by the City Council of the City of Portage.

15. The Authority may borrow money and issue its negotiable revenue bonds pursuant to Act No. 94 of the Public Acts of 1933, as amended, being Section 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the Authority shall not, except as hereinafter provided, be considered a debt of the City of Portage or of the state.

The City of Portage by majority vote of the members of its governing body may pledge its full faith and credit limited tax to support the Authority's revenue bonds.

16.(a) By resolution of its Board and subject to the limitations set forth in this section, the Authority may authorize, issue, and sell its tax increment bonds to finance a development program. The bonds shall mature in 30 years or less and shall be subject to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws. The Authority may pledge for debt service requirements the tax increment revenue to be received from an eligible property. The bonds issued under this section shall be considered a single series for the purposes of section 4 of the municipal finance act, Act No. 202 of the Public Acts of 1943, being section 135.4 of the Michigan Compiled Laws.

(b) The City of Portage by majority vote of the members of its City Council may make a limited tax pledge to support the Authority's tax increment bonds or, if authorized by the voters of the City, pledge its full faith and credit for the payment of the principal of and interest on the Authority's tax increment bonds.

(c) Bonds and notes issued by the Authority and the interest on and income from those bonds and notes are exempt from taxation by the state or a political subdivision of this state.

17. When this Board decides to finance a project in a development area pursuant to this act, it shall prepare a development plan in accordance with Section 15 of the Act.

18. The director of the Authority shall prepare and submit for the approval of the Board a budget for the operation of the Authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the

information required of municipal departments. Before the budget may be adopted by the Board, it shall be approved by the City Council of the City of Portage.

19. When the Authority has completed the purposes for which it was organized shall be dissolved by resolution of the City Council of the City of Portage. The Authority shall have all the powers granted to it by the Act as it currently exists or as the Act may be amended in the future and the enumeration of powers herein shall not be an attempt to limit such powers.

20. This Resolution shall take effect upon its adoption.

21. This resolution shall be filed by the City Clerk with the Secretary of State promptly after its adoption and shall be published once by the City Clerk in the Kalamazoo Gazette, a newspaper of general circulation in the City of Portage.

22. All resolutions and parts of resolutions in conflict herewith are rescinded.

A ROLL CALL VOTE WAS TAKEN AS FOLLOWS:

YEAS: Overlander, Bashaw, Jean, Schreur, Shugars, Sutter, Zull

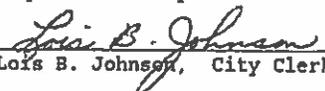
NAYS: None

ABSTAIN: None

THE RESOLUTION WAS DECLARED ADOPTED.

STATE OF MICHIGAN)
) ss
COUNTY OF KALAMAZOO)

The undersigned, being the duly qualified and acting Clerk of the City of Portage, Michigan, hereby certifies that the foregoing is a true and complete copy of a resolution duly adopted by the City Council of the City of Portage at its meeting held on the 20th day of March, 1990, at which meeting a quorum was present and remained throughout and that an original thereof is on file in the records of the County. I further certify that the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with Act No. 267, Michigan Public Acts of 1976, as amended, and that minutes were kept and will be or have been made available as required thereby.


Lois B. Johnson, City Clerk

Dated: March 20, 1990

CITY OF PORTAGE

COMMUNICATION

TO: Local Development Finance Authority

DATE: October 26, 2015

FROM: William Furry, Finance Director 

SUBJECT: Adoption of Bond Refunding Resolution

ACTION RECOMMENDED: That the LDFA Board adopt:

- a. the Resolution Authorizing Refunding of the City of Portage Local Development Authority Bonds Series 2004, and
- b. the Resolution Approving the Undertaking to Provide Continuing Disclosure by the City of Portage for the Local Development Financing Authority Refunding Bonds, Series 2015.

The attached Local Development Finance Authority (LDFA) Bond Refunding Resolution was prepared by bond counsel as part of the legal process to refinance existing LDFA bonds. The present value savings from the LDFA bond refinancing will be approximately \$409,552. Bids will be taken on or about November 19, 2015.

Interest rates associated with the maturities 2016 through 2030 range from 6.10% to 6.35%, whereas the interest rates associated with the refunding bonds are expected to range between 3.00% and 4.50%.

CC: Vicki Georgeau, Community Development Director

**LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF PORTAGE**

At a _____ meeting of the Board of the Local Development Finance Authority (the "Authority") of the City of Portage (the "City"), Michigan held at the City Hall, in the City of Portage, on the _____ day of _____, 2015 at ____:____ .m., Eastern Daylight Savings Time, there were

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____
And seconded by _____.

REFUNDING BOND RESOLUTION
(2015 Tax Increment Refunding Bonds)
(Taxable)

WHEREAS, on May 27, 2004, the Local Development Finance Authority of the City of Portage (the "Authority") pursuant to Act No. 281, Public Acts of Michigan, 1986, as amended (the "Act"), and pursuant the Amended Tax Increment Finance Plan and the Amended Development Plan (together the "Plan") issued its \$3,150,000 Local Development Finance Authority of the City of Portage 2004 Tax Increment Bonds, dated May 1, 2004 (the "2004 Bonds"), of which \$2,800,000 remains outstanding; and

WHEREAS, the Authority may call \$2,650,000 of the 2004 Bonds on January 1, 2016; and

WHEREAS, the 2004 Bonds were issued at a time when interest rates were higher than is currently the case and, accordingly, bear rates of interest in excess of current tax-exempt interest rates; and

WHEREAS, the Authority has determined that it is necessary and appropriate at this time to issue a series of 2015 Tax Increment Refunding Bonds (Taxable) pursuant to Act 281 and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") in order to refund the 2004 Bonds maturing in the years 2017 through 2030 to achieve debt service savings to the Authority and the City; and

WHEREAS, the 2015 Tax Increment Refunding Bonds (Taxable) issued by the Authority are to be payable primarily from tax increment revenues to be received by the Authority (the "Tax Increment Revenues") pursuant to the Act and the Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE, KALAMAZOO COUNTY, MICHIGAN, as follows:

1. Issuance of Refunding Bonds. Refunding Bonds aggregating in the principal amount not to exceed Three Million Dollars (\$3,000,000) (the "Refunding Bonds") shall be issued and sold pursuant to the provisions of Act 34, and other applicable statutory provisions, for the purpose of refunding the 2004 Bonds maturing in the years 2017 through 2030 (the "Refunded Bonds") so long as such refunding generates present value savings.

2. Refunding Bond Details. The Refunding Bonds shall be known as "Local Development Finance Authority of the City of Portage 2015 Tax Increment Refunding Bonds (Taxable)" and shall be issued in anticipation of the receipt by the City of the Tax Increment Revenues for each year through and including the year ending June 30, 2030 and shall be dated December 1, 2015 or such later date not more than twelve calendar months thereafter as the City Finance Director shall provide in the Request for Proposal. The Refunding Bonds shall be fully registered Refunding Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards as determined by the City Finance Director, regardless of rate and maturity date. The total amount of Refunding Bonds to be issued shall not exceed \$3,000,000. Subject, however, to adjustment as described under "INCREASE OR DECREASE IN AGGREGATE AMOUNT OF REFUNDING BONDS", Section 7, if \$2,740,000 in Refunding Bonds are to be issued, the Refunding Bonds may mature on January 1 in each year as follows and the City Finance Director is hereby authorized to make any changes to the maturity schedule as shall be necessary:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2017	\$180,000	2022	\$215,000	2027	\$190,000
2018	180,000	2023	210,000	2028	185,000
2019	180,000	2024	205,000	2029	180,000
2020	225,000	2025	200,000	2030	175,000
2021	220,000	2026	195,000		

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

3. Interest Payment and Date of Record. The Refunding Bonds shall bear interest payable July 1, 2016 and each January 1 and July 1 thereafter, until maturity, which interest shall not exceed 6% per annum. Interest shall be paid by check or draft mailed to the registered owner of each Refunding Bond as of the applicable date of record, provided, however, that the City Finance Director may agree with the bond registrar on a different method of payment. If interest is paid differently,

the Refunding Bond form attached as Exhibit A and Request for Proposal form attached as Exhibit D shall be changed accordingly.

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

4. Prior Redemption. The Refunding Bonds maturing prior to January 1, 2024 shall not be subject to redemption prior to maturity. Refunding Bonds on or after January 1, 2024 shall be subject to redemption prior to maturity at the option of the Authority, in any order, in whole or in part on any date on or after January 1, 2023. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

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

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

5. Discount. The Refunding Bonds may be offered for sale at par or at a price of not less than 98.5% of the face amount thereof, and the City Finance Director is authorized, in his or her discretion, to provide for a higher minimum purchase price in the Request for Proposal of the Refunding Bonds.

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

7. Increase or Decrease in Aggregate Amount of Refunding Bonds. In the event the amount necessary to refund the Refunded Bonds shall be more or less than \$2,740,000, the City Finance Director shall increase the principal amount of the Refunding Bonds by up to \$260,000, or decrease the principal amount of the

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

8. Payment of Refunding Bonds; Pledge of Tax Increment Revenues. The Refunding Bonds shall not be a general obligation of the Authority, but shall be payable in the first instance from the Tax Increment Revenues and the funds held by the Authority pursuant to this Resolution. The Authority hereby pledges all of the estimated Tax Increment Revenues (see Appendix A hereto) for payment of the principal of and interest on the Refunding Bonds and any other outstanding bonds of the Authority and a first security interest is granted in the Tax Increment Revenues (to the extent so pledged) to continue until the payment in full of the principal of and interest on the Refunding Bonds.

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

(B) Exchange and Transfer of Bonds.

(i) The Refunding Bonds, upon surrender thereof to the bond registrar and paying agent with a written instrument of

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

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

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

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

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

precedent to the exercise of the privilege of making such exchange or transfer.

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

10. Mutilated, Lost, Stolen, or Destroyed Bonds. In the event that any Refunding Bond is mutilated, lost, stolen, or destroyed, the Chairperson and the Secretary of the Authority may, on behalf of the Authority, execute and deliver, or order the Bond Registrar to authenticate and deliver, a new Bond having a new number not then outstanding, of like date, maturity and denomination as that mutilated, lost, stolen, or destroyed.

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

11. Execution and Delivery. The Chairperson of the Authority and the Secretary of the Authority are hereby authorized and directed to execute the Refunding Bonds for and on behalf of the Authority by manually executing the same or causing their facsimile signatures to be affixed. If facsimile signatures are used, the Bonds shall be authenticated by the Bond Registrar before delivery. The Refunding Bonds shall be sealed with the Authority's seal or a facsimile thereof shall be imprinted thereon. When so executed and (if facsimile signatures are used) authenticated, the Bonds shall be delivered to the Treasurer of the Authority, who is hereby authorized and directed to deliver the Refunding Bonds to the purchaser upon receipt in full of the purchase price for the Refunding Bonds.

12. City's Limited Tax Pledge. The principal of and interest on the Refunding Bonds shall be payable primarily out of the Tax Increment Revenues for each year through and including the year ending June 30, 2030, in anticipation of which the Refunding Bonds are to be issued. In addition, the limited tax pledge of the City is to be irrevocably pledged to the prompt payment of the principal of and interest on the Refunding Bonds

when due. If the foregoing collections of Tax Increment Revenues shall not be sufficient to pay the principal of and interest on the Refunding Bonds as the same shall become due, then monies sufficient to meet the deficiency shall be advanced from the General Fund of the City. The City's ability to raise such funds is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

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

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

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

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

shall be completed by the City Finance Director with appropriate figures prior to execution on behalf of the Authority by the Chairperson of the Authority.

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

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

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

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

(a) Permit any proceeds of the Refunding Bonds or any other funds of the Authority or under its control to be used directly or indirectly (i) to acquire any securities or obligations, the acquisition of which would cause any Refunding Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), or (ii) in a manner which would result in the exclusion of any Refunding Bond from the treatment afforded by Section 103(a) of the Code by reason of the classification of any Refunding Bond as a "private activity bond" within the meaning of Section 141(a) of the Code, as a "private loan bond" within the meaning of Section 141(a) of the Code or as an obligation guaranteed by the United States of America within the meaning of Section 149(b) of the Code; or

(b) Take any action, or fail to take any action (including failure to file any required information or other

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

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

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

then, at the time of the payment referred to in clause (a) of this Section or of the deposit referred to in clause (b) of this Section, the Authority shall be released from all further obligations under this resolution, and any moneys or other assets then held or pledged pursuant to this resolution for the purpose of paying the principal of and interest on the Refunding Bonds (other than the moneys deposited with and held by a trustee or an escrow agent as provided in clause (b) of this Section) shall be released from the conditions of this resolution, paid over to the City and considered excess proceeds of the Refunding Bonds. In the event moneys or Government Obligations shall be so deposited and held, the trustee or escrow agent holding such moneys or Government Obligations shall, within 30 days after such moneys or Government Obligations shall have been so deposited, cause a notice signed by it to be given to the registered holders thereof

not more than sixty (60) days nor less than forty-five (45) days prior to the redemption setting forth the date or dates, if any, designated for the redemption of the Refunding Bonds, (y) a description of the moneys or Government Obligations so held by it, and (z) that the Authority has been released from its obligations under this resolution. All moneys and Government Obligations so deposited and held shall be held in trust and applied only to the payment of the principal of and premium, if any, and interest on the Refunding Bonds at maturity or upon redemption prior to maturity, as the case may be, as provided in this Section.

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

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

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

- (a) apply to the Municipal Finance Division of the Michigan Department of Treasury for approval of the sale of the Refunding Bonds;
- (b) file with such application all required supporting material; and
- (c) pay all fees required in connection therewith.

21. Negotiated Sale - Request for Proposal: The Authority hereby determines that in order to save the cost of publication of an Official Notice of Sale that it will sell the Refunding Bonds at a negotiated sale after solicitation of proposals from prospective purchasers by its Financial Consultant. The Authority's Financial Consultant is authorized to solicit proposals from at least twenty-five prospective purchasers and to circulate a Request for Proposal at least seven days prior to the date fixed for receipt of proposals for the purchase of the Refunding Bonds. The Request for Proposal shall be in substantially the form attached to this resolution as Exhibit D with such changes therein as are not inconsistent with this resolution and as are approved by the City Finance Director after conferring with Bond Counsel. Once all proposals are received,

the City Finance Director shall determine the lowest true interest cost proposed and thereafter award the Refunding Bonds to the proposer meeting that criteria so long as such award will generate present value savings to the Authority. The Financial Consultant is hereby designated to act for and on behalf of the Authority to receive proposals for the purchase of the Refunding Bonds and together with Bond Counsel to take all other steps necessary in connection with the sale and delivery thereof.

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

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

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

25. Effective Date. This Resolution shall become effective immediately upon its adoption and shall be recorded in the minutes of the Board as soon as practicable after adoption.

The results of a roll-call vote on the foregoing resolution were as follows:

YES: _____

NO: _____

ABSENT: _____

ABSTAIN: _____

THE RESOLUTION WAS THEREUPON DECLARED ADOPTED.

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CERTIFICATION

The undersigned, being the duly qualified and acting Secretary of the Local Development Finance Authority of the City of Portage, Michigan, hereby certifies that (1) the foregoing is a true and complete copy of a resolution duly adopted by the Board of the Local Development Finance Authority at a _____ meeting held on _____, 2015, at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records of the proceedings of the Local Development Finance Authority in my office; (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended); and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

Secretary

[SEAL]

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Appendix A

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

Year	Estimated Revenues	Actual Remaining Annual Debt Service on 2004 Bonds	Estimated Annual Debt Service on Refunding Bonds Series 2015	Actual Annual Debt Service on Refunding Bonds Series 2014	Cummulative Coverage
Beginning Balance					\$1,925,511.00
2014-2015	\$508,810.00				\$2,434,321.00
2015-2016	\$472,169.52	\$325,000.00		\$164,822.50	\$2,127,143.02
2016-2017	\$478,639.35		\$289,525.00	\$160,357.50	\$2,169,724.87
2017-2018	\$442,937.45		\$275,700.00	\$159,437.50	\$2,182,924.82
2018-2019	\$417,033.66		\$270,300.00	\$233,172.50	\$2,056,885.98
2019-2020	\$432,340.52		\$309,900.00	\$225,512.50	\$1,965,563.99
2020-2021	\$447,953.51		\$298,150.00	\$247,275.00	\$1,880,792.50
2021-2022	\$463,878.76		\$285,450.00	\$237,970.00	\$1,833,776.27
2022-2023	\$480,122.52		\$272,925.00	\$228,255.00	\$1,826,118.79
2023-2024	\$496,691.15		\$259,525.00	\$223,255.00	\$1,853,229.94
2024-2025	\$513,591.16		\$246,325.00	\$212,955.00	\$1,920,541.10
2025-2026	\$530,829.17		\$233,325.00	\$222,495.00	\$2,008,350.27
2026-2027	\$548,411.93		\$220,525.00	\$216,405.00	\$2,132,432.20
2027-2028	\$566,346.35		\$207,925.00		\$2,503,253.55
2028-2029	\$584,639.46		\$195,525.00		\$2,905,018.01
2029-2030	\$603,298.43		\$182,875.00		\$3,508,316.45
	\$7,987,692.95	\$325,000.00	\$3,547,975.00	\$2,531,912.50	

[EXHIBIT A - FORM OF REFUNDING BOND]

UNITED STATES OF AMERICA-STATE OF MICHIGAN-COUNTY OF KALAMAZOO
LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
2015 TAX INCREMENT REFUNDING BOND
(TAXABLE)

RATE MATURITY DATE DATE OF ISSUANCE CUSIP

=====

REGISTERED OWNER:

PRINCIPAL AMOUNT:
=====

FOR VALUE RECEIVED, the _____, County of _____, State of Michigan (the "_____"), acknowledges itself indebted to, and for value received hereby promises to pay to, CEDE & CO., as nominee for the DEPOSITORY TRUST COMPANY, New York, New York (the "Depository Trustee"), the Principal Amount set forth above on the Maturity Date specified above. The Depository Trustee will act as securities depository for this refunding bond (this "Refunding Bond") and the other refunding bonds of this series. Purchases of beneficial interest in the refunding bonds will be made in book-entry-only form, in denominations of \$5,000 each or any integral multiple thereof. The refunding bonds will have an original issuance date of _____ 1, 20__, and will bear interest from the Date of Issuance payable on _____ 1, 20__, and semiannually thereafter on the first day of _____ and _____ in each year to and including the Maturity Date. The principal of and interest on the refunding bonds will be paid at the principal corporate trust office of _____, Michigan as paying agent and bond registrar (the "Bond Registrar"). So long as the Depository Trustee or its nominee, CEDE & CO., is the Registered Owner of the refunding bonds, such payments will be made directly to the Depository Trustee or such nominee. Disbursement of such payments to the Depository Trustee is the responsibility of the Depository Trustee, and disbursements of such payments to the beneficial owners is the responsibility of the Depository Trustee Participants and Indirect Participants.

This Refunding Bond is one of a series of bonds of like date and tenor except as to denomination, date of maturity and interest rate, numbered from 1 upwards, aggregating the principal sum of _____ Dollars (\$_____), issued by the Authority, pursuant to and in full conformity with the Constitution and statutes of the State of Michigan and especially Act No. 281, Public Acts of Michigan, 1986, as amended ("Act 197") and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") to provide funds to be deposited with

_____, Michigan, as escrow agent (the "Escrow Agent"), under an escrow agreement dated as of _____, _____. The Escrow Agent will use such proceeds to acquire non-callable direct obligations of the United States which, when paid in accordance with their terms, will provide sufficient funds (i) to pay when due, to and including _____, _____, the interest on the Authority's outstanding _____, _____, dated _____, maturing in the years _____ through _____ (the "Refunded Bonds") and (ii) on _____, to redeem the Refunded Bonds maturing in the years _____ through _____, at a redemption price of _____% of the principal amount thereof.

The Refunding Bonds are being issued in anticipation of and are primarily payable from tax increment revenues ("Tax Increment Revenues") derived from the ad valorem real and personal property taxes to be levied by taxing jurisdictions upon the taxable property located within the Development Area.

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

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

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

Notice of redemption shall be sent to the registered holder of each refunding bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the refunding bonds. Any defect in

such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar to redeem the same.

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

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

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

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

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

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

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF PORTAGE

By: _____

Chairperson

By: _____

Secretary

[SEAL]

DATE OF AUTHENTICATION:

BOND REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the series of bonds designated "Local Development Finance Authority of the City of Portage 2015 Tax Increment Refunding Bonds."

_____, _____, Michigan
as Bond Registrar and Authenticating Agent
By:

ASSIGNMENT

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

Dated: _____

Signature:

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

Signature Guaranteed:

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

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

Name and Address: _____

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

PLEASE INSERT SOCIAL SECURITY NUMBER OR OTHER IDENTIFYING NUMBER OF TRANSFEREE

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

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ORDER ADJUSTING MATURITIES

\$ _____
LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
2015 TAX INCREMENT REFUNDING BOND
(TAXABLE)

The undersigned, City Finance Director, as authorized in the Refunding Bond Resolution for the above referenced refunding bonds adopted by the Board of the Authority on _____ 1, _____, hereby establishes the final maturities for said refunding bonds with interest rates thereon, as follows:

<u>Due</u>	<u>Amount</u>	<u>Rate</u>
_____ 1		

Dated: _____

City Finance Director

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ESCROW AGREEMENT

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE

This escrow agreement (the "Agreement"), dated as of _____ 1, _____, is between the Local Development Finance Authority of the City of Portage (the "Authority"), County of Kalamazoo, Michigan, and _____, _____, Michigan, as escrow agent (the "Escrow Agent").

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

<u>Prior Bonds</u>	<u>Outstanding Principal</u>	<u>Principal to be Refunded</u>
Local Development Finance Authority of the City of Portage 2004 Tax Increment Bonds	\$ _____ maturing in the years ____	\$ _____ maturing in the years ____

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

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

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

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

Section 1. Appointment of Escrow Agent. The Escrow Agent is hereby appointed and agrees to act in such capacity to comply with all requirements of this Agreement, and to be custodian of the escrow fund (the "Escrow Fund"), to perform its

duties as custodian of the Escrow Fund created under this Agreement, but only upon and subject to the following express terms and conditions:

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

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

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

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

(e) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Escrow Agent shall be entitled to rely upon a certificate of the Authority signed by (i) the Chairperson of the Authority, or (ii)

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

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

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

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

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

Section 2. Escrow Fund. On _____, _____ the Authority will irrevocably deposit with the Escrow Agent for the account of the Authority from the proceeds of the Refunding Bonds and from other Authority funds available therefor to establish an Escrow Fund for the Prior Bonds an amount which together with the investment income therefrom, shall be held in the Escrow Fund to be maintained by the Escrow Agent and used to pay interest on the Prior Bonds when due to and including _____, _____ and on that date to redeem and pay principal of and call premiums on the Refunded Bonds in accordance with Section 3 hereof.

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

<u>Prior Bonds</u>	<u>Principal to be Refunded</u>
Local Development Finance Authority of the City of Portage 2004 Tax Increment Bonds	\$ _____ maturing in the years ____

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

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

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

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

Section 6. Deficiency in Escrow Fund. At such time or times as there shall be insufficient funds on hand in the Escrow Fund for the payment of principal of, premium, if any, and interest falling due on the Prior Bonds, the Escrow Agent shall promptly notify the Authority of such deficiency.

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

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

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

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

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

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

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

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

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

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

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

Section 15. Benefit. This Agreement shall be for the sole and exclusive benefit of the Authority, the Escrow Agent and the holders of the Prior Bonds. With the exception of rights

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

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

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

If to the Authority:

Attention: _____

FAX: _____

If to the Escrow Agent:

Attention: _____

FAX: _____

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

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

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

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

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF PORTAGE

By: _____

Its Chairperson

_____, as Escrow Agent

By: _____

Its: _____

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APPENDIX I

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
County of Kalamazoo, State of Michigan
2004 TAX INCREMENT BONDS

Dated as of _____ 1, _____

SCHEDULE OF PRINCIPAL, PREMIUM AND INTEREST REQUIREMENTS

Bond Registrar and Paying Agent:

Attention: _____

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

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APPENDIX II

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
County of Kalamazoo, State of Michigan
2015 TAX INCREMENT REFUNDING BONDS
(TAXABLE)

Sources of Funds

Bond Proceeds	\$ _____
Issuer Contribution	_____
Good Faith Check Interest	_____
Accrued Interest	_____
TOTAL	\$ <u>_____</u>

Uses of Funds

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

APPENDIX III

NOTICE OF REDEMPTION

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
 County of Kalamazoo, State of Michigan
 2004 TAX INCREMENT BONDS

KALAMAZOO COUNTY
 STATE OF MICHIGAN

DUE _____ THROUGH _____

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

Maturity	Due	CUSIP	Rate
\$ _____,000	_____	_____	_____%
_____,000	_____	_____	_____%
_____,000	_____	_____	_____%
_____,000	_____	_____	_____%
_____,000	_____	_____	_____%
_____,000	_____	_____	_____%
_____,000	_____	_____	_____%

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

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

If by U.S Mail:

Otherwise:

LOCAL DEVELOPMENT FINANCE
 AUTHORITY OF THE CITY OF PORTAGE
 By: _____

Dated: _____

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

APPENDIX IV

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
County of Kalamazoo, State of Michigan
2015 TAX INCREMENT REFUNDING BONDS
(TAXABLE)

Investment Securities to be Acquired Pursuant
to the Escrow Agreement

<u>Purchase</u>	<u>Investment</u>				
<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Investment</u>	<u>Type</u>

[EXHIBIT D - FORM OF REQUEST FOR PROPOSAL]

REQUEST FOR PROPOSAL

\$ _____

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE
County of Kalamazoo, State of Michigan
2015 TAX INCREMENT REFUNDING BONDS
(TAXABLE)

SEALED OR ELECTRONIC PROPOSALS: Sealed written proposals for the purchase of the refunding bonds described herein (the "Refunding Bonds") will be received by the undersigned on behalf of the Local Development Finance Authority of the City of Portage (the "Authority") at the office of the City Finance Director, City Hall, 7900 South Westnedge Avenue, Portage, Michigan, 49002 on _____, _____ until ____:____.m., Eastern _____ Time, at which time and place said proposals will be publicly opened and read.

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

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

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

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

BOND DETAILS: The Refunding Bonds will be dated _____ 1, _____ and will be known as "Local Development Finance Authority of the City of Portage 2015 Tax Increment Refunding Bonds". The Refunding Bonds will be fully registered Refunding Bonds in any one or more denominations of \$5,000 or a multiple of \$5,000, numbered from 1 upwards and will bear interest from their date

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

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

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

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

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

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

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

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

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

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

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

nearly final official statement for the Refunding Bonds. The Authority may from time to time as required designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The Refunding Bonds are to be issued pursuant to Act 281, Public Acts of Michigan, 1986, as amended (the "Act"), and Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") and as specified in the Authority's development and tax increment financing plan, in anticipation of the collection of certain tax increment revenue payments to the Authority for the purpose of paying costs of refunding the outstanding Local Development Finance Authority of the City of Portage 2004 Tax Increment Bonds, dated May 1, 2004 maturing in the aggregate principal amount of \$2,650,000 maturing in the years 2017 through 2030 (the "Refunded Bonds"). In addition, the City has pledged its limited tax full faith and credit as additional security for the payment of the principal of and interest thereon, and pursuant to such pledge, should funds primarily pledged be insufficient for payment, the City is obligated to make such payment from its general funds or from any taxes which it may levy within applicable constitutional and statutory limitations. The rights or remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally, now existing or hereafter enacted, and by the application of general principles of equity including those related to equitable subordination.

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

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

ADJUSTMENT IN DISCOUNT: In the event the principal amount of this issue is increased or decreased, the premium or discount

bid, if any, will be adjusted upwards or downwards so that it is the same percent as the premium or discount originally bid.

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

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

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

LEGAL OPINION: Proposals shall be conditioned upon the approving opinion of Axe & Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan (the "Bond Counsel") a copy of which opinion will be printed on the reverse side of each bond and the original of which will be furnished without expense to the purchaser of the

Refunding Bonds at the delivery thereof. The fees of Bond Counsel for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue such opinion and as described in the official statement, Bond Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Refunding Bonds, and therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of the official statement or any such financial documents, statements or materials.

TAXABLE BONDS: In the opinion of Bond Counsel, the interest on the Refunding Bonds is includable in gross income for federal income tax purposes, as described in the opinion, and the Refunding Bonds and interest thereon are subject to all taxation in and by the State of Michigan.

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

DELIVERY OF BONDS: The Authority will furnish Refunding Bonds ready for execution at its expense. Refunding Bonds will be delivered without expense to the purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Refunding Bonds, will be delivered at the time of delivery of the Refunding Bonds. If the Refunding Bonds are not tendered for delivery by twelve o'clock noon, Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful proposer may on that day, or any time thereafter until delivery of the Refunding Bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the Authority shall promptly return the good faith deposit. Payment for the Refunding Bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the Refunding Bonds shall be paid by the purchaser at

the time of delivery. The Refunding Bonds will be delivered on _____.

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

OFFICIAL STATEMENT:

Hard Copy

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

Internet

In addition, the Authority has authorized the preparation and distribution of a Nearly Final Official Statement containing information relating to the Refunding Bonds via the Internet. The Nearly Final Official Statement can be viewed and downloaded at www.i-dealprospectus.com/pdf.asp?doc=.

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

The Authority shall deliver, at closing, an executed certificate to the effect that as of the date of delivery the information contained in the Final Official Statement, including revisions, amendments and completions as necessary, relating to the Authority and the Refunding Bonds is true and correct in all material respects, and that such Final Official Statement does not contain any untrue statement of a material fact or omit to

state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

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

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

THE RIGHT IS RESERVED TO REJECT ANY OR ALL PROPOSALS.

ENVELOPES: Envelopes containing the proposals should be plainly marked "Proposal for the Local Development Finance Authority of the City of Portage 2015 Tax Increment Refunding Bonds (Taxable)"

_____, Finance Director
_____, City of Portage

las.r2-por221

**LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF PORTAGE**

At a _____ meeting of the Board of the Local Development Finance Authority (the "Authority") of the City of Portage (the "City"), Michigan held at the City Hall, in the City of Portage, on the _____ day of _____, 2015 at __: __ .m., Eastern Daylight Savings Time, there were

PRESENT: _____

ABSENT: _____

The following resolution was offered by _____
And seconded by _____.

**RESOLUTION APPROVING THE UNDERTAKING TO PROVIDE CONTINUING
DISCLOSURE BY THE LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF PORTAGE**

WHEREAS, the Local Development Finance Authority of the City of Portage (the "Authority") by resolution of its Board has approved the issuance of the 2015 Tax Increment Refunding Bonds (Taxable) in the principal amount of not to exceed \$3,000,000 (the "Bonds"); and

WHEREAS, Bond Counsel, in order to comply with federal securities regulations, has prepared this resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF PORTAGE, KALAMAZOO COUNTY, MICHIGAN, as follows:

1. This Board, for and on behalf of the Authority, hereby covenants and agrees, for the benefit of the beneficial owners of the Bonds to be issued by the Authority for the Project, to enter into a written undertaking (the "Undertaking") required by Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule") to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be substantially in the form attached to the official statement for the Bonds. The Undertaking shall be enforceable by the beneficial owners of the Bonds or by the Underwriter on behalf of such beneficial owners (provided that the Underwriter's

right to enforce the provisions of the Undertaking shall be limited to a right to obtain specific enforcement of the Authority's obligations hereunder and under the Undertaking), and any failure by the Authority to comply with the provisions of the Undertaking shall not be deemed a default with respect to the Bonds.

The Chairperson or Secretary and/or other officer of the Authority shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the terms of the Authority's Undertaking.

2. All resolutions, or portions thereof, insofar as they may be in conflict with the foregoing, are hereby rescinded.

A vote on the foregoing resolution was taken and was as follows:

YES: _____

NO: _____
ABSTAIN: _____

CERTIFICATION

The undersigned, being the duly qualified and acting Secretary of the Local Development Finance Authority of the City of Portage, Michigan, hereby certifies that (1) the foregoing is a true and complete copy of a resolution duly adopted by the Board of the Local Development Finance Authority at a _____ meeting held on _____, 2015, at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records of the proceedings of the Local Development Finance Authority in my office; (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended); and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

Secretary

las.rc-por221

TO: Local Development Finance Authority Board

DATE: October 16, 2015

FROM: Vicki Georgeau, ^{JK} Director of Community Development

SUBJECT: Annual Financial Reports

Attached find a resolution to approve and authorize transmission of the FY 2013-2014 annual reports to the State Tax Commission and to City Council per the Local Development Financing Act (PA 281 of 1986). The Annual Financial Report includes final audited information and is attached as Appendix A to the resolution. The annual report is only transmitted after the board has the opportunity to review the applicable annual audit information for the City of Portage.

As the Board will recall and for the benefit of the new members, Public Improvement/Activity Project #5 (East Milham-Kalamazoo/Battle Creek International Airport water main extension) could not be completed since it was not feasible to construct the water main crossing beneath the airport, due to the cost of required insurance to protect against catastrophes and for which no insurance is available. As a result, an alternative project was identified and involves replacement of the existing 750,000 gallon Haverhill Water Tower with a new, larger 2.75 million gallon tower. Construction of the new water tower was initially programmed in the Capital Improvement Program for FY 2014-2015 but has been reprogrammed for FY 2018-2019 due to increased costs and funding available through the Water Fund.

With regard to Public Improvement/Activity Project #7 (Zylman Avenue improvements), this project has been deferred. Since the Stryker Corporation did not use Zylman for access when it constructed the East Centre Avenue manufacturing plant, the city believed it prudent to delay the project until it was needed to facilitate access to the adjacent property. The Stryker Corporation was advised of this project deferral and agreed. City Council adopted a resolution in May 2009 approving the substitution of the Haverhill water tower upgrade for Public Improvement/Activity Project #5 and deferring Zylman Avenue improvements.

As shown in the Revenues, Expenditures and Changes in Fund Balances table at the end of the report, the fund balance was \$1,928,982 at the end of 2014, a slight decrease from \$1,949,655 at the end of 2013. In 2014, revenues were less than the expenditures and in order to cover the approximate \$20,673 shortfall, money was utilized from the fund balance. Recent construction activity, such as the 330,000 square foot distribution center at 6501 Portage Road, will help improve the financial standing of the LDFA. However, with the recent elimination of the personal property tax, the ability to meet the debt obligations over the long term may become challenging if replacement funding from the loss of personal property taxes is not sustained.

Attached is a resolution approving and authorizing the transmission of the Financial Reports to the Portage City Council, and then subsequently to the State Tax Commission. Approval of the accompanying resolution is recommended.

Attachment: Resolution with Annual Financial Reports

CITY OF PORTAGE

At a regular meeting of the Board of the Local Development Finance Authority of the City of Portage, Michigan, held on October 22, 2015 at 8:00 a.m. at the City Hall, Portage, Michigan, there were:

PRESENT:

ABSENT:

The following preamble and resolution were offered by _____ and supported by _____:

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

WHEREAS, the Local Development Finance Authority of the City of Portage (the "Authority") has been duly incorporated by the City of Portage (the "City") pursuant to Act No. 281 of the Public Acts of Michigan of 1986 (the "Act") and the Board of the Authority has been duly appointed and sworn into office; and

WHEREAS, the Authority is required by statute to transmit annually to the City Council of the City of Portage and the State Tax Commission a Financial Report on the Status of the Tax Increment Financing Plan which report shall include certain matters as required by Section 13(3) of the Act; and

WHEREAS, such material has been prepared and is attached hereto as Appendix A to this Resolution.

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

1. The Financial Reports on the Status of the Tax Increment Financing Plan attached hereto as Appendix A is approved.

2. The Director of the Authority is authorized to transmit said financial report to the City Council of the City of Portage and the State Tax Commission.

The results of a roll-call vote on the foregoing resolution were as follows:

YES: _____

NAYS: _____

ABSTAIN:

THE RESOLUTION WAS DECLARED ADOPTED

SECRETARY'S CERTIFICATE

The undersigned, being the duly qualified and acting Secretary of the Board of the Local Development Finance Authority of the City of Portage, Michigan, hereby certifies that (1) the foregoing is a true and complete copy of a resolution duly adopted by the Board at a regular meeting held on September 19, 2014, at which meeting a quorum was present and remained throughout, (2) the original thereof is on file in the records of the proceedings of the Board in my office, (3) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended), and (4) minutes of such meeting were kept and will be or have been made available as required thereby.

, Secretary

Dated: October 22, 2015

ANNUAL FINANCIAL REPORT

CITY OF PORTAGE

LOCAL DEVELOPMENT FINANCE AUTHORITY

For

FY 2013 - 2014

Portage, Michigan

APPENDIX A

LOCAL DEVELOPMENT FINANCE AUTHORITY

OF

THE CITY OF PORTAGE

2003 AMENDED DEVELOPMENT PLAN/TAX INCREMENT FINANCE PLAN

FY 2013-14 ANNUAL FINANCIAL REPORT

As Approved by the Authority Board

on

October 22, 2015

INTRODUCTION

Pursuant to the provisions of Act No. 281, Public Acts of Michigan, 1986, (Act 281), the City of Portage (the "City") has established the Local Development Finance Authority of the City of Portage (the "Authority"). Act 281 provides that the Board of the Authority, if it determines that it is necessary for the achievement of the purposes of Act 281, shall prepare and submit a tax increment financing plan to the City Council. Act 281 further provides that a tax increment financing plan shall include a development plan.

In 2003, a new opportunity to utilize the LDFA and again forge a public-private cooperative program became available. The City Administration facilitated additional growth and expansion of the manufacturing sector that would benefit the city and other local taxing jurisdictions. As a tool used to spur manufacturing growth, the LDFA financing mechanism was proposed to accomplish public improvements and eligible activities and provide incentives for Pfizer Incorporated to expand in this community. An investment of approximately \$30 million was planned by Pfizer. Additionally, the Stryker Corporation indicated plans to significantly expand its manufacturing capacity by investing up to nearly \$70 million, with significant job retention and job creation possibilities, and incentives to facilitate new manufacturing facilities in Portage and to encourage this investment were proposed. Amending the boundaries of LDFA District No. 1 to include properties along Sprinkle Road were included as part of this initiative.

Pfizer Incorporated proposed new/expanded facilities at the manufacturing complex on Portage Road. Public infrastructure improvements facilitated this expansion effort by the company. The manufacturing facilities are operational. Given the changing pharmaceutical industry over the past several years and for this annual report, jobs at the Pfizer complex have been fluctuating. For the purpose of this annual report, it is estimated that 2,100 jobs are provided locally by Pfizer.

Stryker Corporation proposed new and reconstructed/expanded manufacturing, research, and distribution facilities at 3800 East Centre Avenue, 4100 East Milham Avenue and at 6300 Sprinkle Road. The company invested \$68 million in the new manufacturing and expanded facilities and are operational. For the purpose of this annual report, it is estimated that the company employs 2,300 people at these facilities.

The purpose of the 2003 Amended Development Plan/Tax Increment Finance Plan is to provide for the acquisition, construction and financing of public facilities and other eligible activities (as defined in Act 281) necessary for the planned projects by these two companies.

The acquisition and construction of certain public facilities and land acquisition activities facilitated the construction and development of the projects by these companies and thereby created economic growth and development in the Authority District and other areas of the City of Portage and Kalamazoo County.

PROPOSED PUBLIC IMPROVEMENT / ACTIVITY PROJECTS

<u>PUBLIC IMPROVEMENTS/ACTIVITIES</u>	<u>ESTIMATED COST</u>	<u>ESTIMATED TIME DESIGN & CONSTRUCTION</u>
1) Sprinkle Road widening, East Centre to Zylman	\$1,010,000	12-24 months
2) Sprinkle Road/Zylman and Sprinkle Road/East Milham Access improvements	\$ 300,000	12-24 months
3) 80 acre land purchase	\$2,400,000	12 months

ACTIVITY PROJECTS (continued)

4) Water and Sewer facilities to serve interior property	\$ 110,000	12-24 months
5) East Milham-Kalamazoo/Battle Creek International Airport water main improvement	\$1,200,000	12-24 months
6*) Water main Improvement, Sprinkle, Tiffany to Hayes	\$ 880,000	12-24 months
7*) Zylman Improvements	\$1,210,000	12-24 months
8*) Ramona Lane, Lovers to Portage water main improvement	\$ 500,000	12-24 months
9*) Ramona Lane, Lovers to Portage sanitary sewer improvement	\$ 990,000	12-24 months
TOTAL \$8,600,000		

Notes: * Projects will be funded through tax increment revenue if available or other sources.

With regard to the proposed projects identified above:

Public Improvement/Activity Project #1: complete
Public Improvement/Activity Project #2: complete
Public Improvement/Activity Project #3: complete
Public Improvement/Activity Project #4: complete
Public Improvement/Activity Project #5: Haverhill water tower improvements substituted
Public Improvement/Activity Project #6: complete
Public Improvement/Activity Project #7: Pending further facility expansion by Stryker
Public Improvement/Activity Project #8: complete
Public Improvement/Activity Project #9: complete

FINANCIAL INFORMATION

This Annual Financial Report has been prepared pursuant to Section 13(3) of the Local Development Financing Act. The Annual Financial Report is for FY 2012-2013 and contains the information required by the Act.

Section 13(3)a: THE AMOUNT AND SOURCE OF TAX INCREMENTS RECEIVED

Tax increment revenue	\$ 479,605
Interest	\$ 14,737
Total	<u>\$ 494,342</u>

Section 13(3)(b): THE AMOUNT IN ANY BOND RESERVE ACCOUNT

In the LDFA Debt Service Fund balance there is \$1,928,982

Section 13(3)(c): THE AMOUNT AND PURPOSE OF EXPENDITURES OF TAX INCREMENT REVENUES

Interest and paying agent fees on outstanding principal \$515,015

Section 13(3)(d): THE AMOUNT OF PRINCIPAL AND INTEREST ON ANY OUTSTANDING BONDED INDEBTEDNESS OF AUTHORITY

\$7,316,175 as of June 30, 2014

Section 13(3)(e): THE INITIAL ASSESSED VALUE OF THE ELIGIBLE PROPERTY

The initial value is established at \$21,061,140.

Section 13(3)(f): THE CAPTURED ASSESSED VALUE OF THE ELIGIBLE PROPERTY RETAINED BY THE AUTHORITY

The captured value is established at \$28,946,060 for FY 2013-2014.

Section 13(3)(g): THE NUMBER OF JOBS CREATED AS A RESULT OF THE IMPLEMENTATION OF THE TAX INCREMENT FINANCING PLAN.

225 new jobs; 1600 existing jobs retained.

Section 13(3)(h): ANY ADDITIONAL INFORMATION THE GOVERNING BODY OR THE STATE TAX COMMISSION CONSIDERS NECESSARY.

- I. Attached find a page excerpt from the FY 2013-2014 comprehensive annual financial report for the City of Portage. This information provides supporting documentation for this financial report.

CITY OF PORTAGE, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds
For the Year Ended June 30, 2014

	General Obligation Debt Fund	Motor Vehicle Highway Fund	Downtown Development Authority Fund
Revenues			
Property taxes	\$ -	\$ -	\$ 250,495
Interest and rents	-	-	-
Net increase in fair value of investments	668	13	420
Other revenue	-	-	51,625
Total revenues	<u>668</u>	<u>13</u>	<u>302,540</u>
Expenditures			
Debt Service:			
Principal	2,037,724	995,000	260,000
Interest	956,232	224,367	162,868
Total expenditures	<u>2,993,956</u>	<u>1,219,367</u>	<u>422,868</u>
Revenues under expenditures	<u>(2,993,288)</u>	<u>(1,219,354)</u>	<u>(120,328)</u>
Other financing sources (uses)			
Transfers in			
Capital improvement fund	2,952,000	1,223,000	-
Leaf pickup/spring cleanup fund	19,862	-	-
Water fund	66,785	-	-
Transfers out			
Capital improvements fund	-	-	(6,271)
Total other financing sources (uses)	<u>3,038,647</u>	<u>1,223,000</u>	<u>(6,271)</u>
Net change in fund balances	<u>45,359</u>	<u>3,646</u>	<u>(126,599)</u>
Fund balances, beginning of year	<u>144,109</u>	<u>117</u>	<u>243,886</u>
Fund balances, end of year	<u>\$ 189,468</u>	<u>\$ 3,763</u>	<u>\$ 117,287</u>



Building Authority Debt Service Fund	Local Development Finance Authority Debt Service Fund	Total
\$ -	\$ 479,605	\$ 730,100
242,078	7,908	249,986
1,237	6,829	9,167
-	-	51,625
<u>243,315</u>	<u>494,342</u>	<u>1,040,878</u>
435,080	225,000	3,952,804
<u>175,392</u>	<u>290,015</u>	<u>1,808,874</u>
<u>610,472</u>	<u>515,015</u>	<u>5,761,678</u>
<u>(367,157)</u>	<u>(20,673)</u>	<u>(4,720,800)</u>
407,000	-	4,582,000
-	-	19,862
-	-	66,785
-	-	(6,271)
<u>407,000</u>	<u>-</u>	<u>4,662,376</u>
39,843	(20,673)	(58,424)
<u>309,827</u>	<u>1,949,655</u>	<u>2,647,594</u>
<u>\$ 349,670</u>	<u>\$ 1,928,982</u>	<u>\$ 2,589,170</u>