

CITY OF PERRY SPECIAL COUNCIL MEETING
PERRY COMMUNITY BUILDING

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REGULAR CITY COUNCIL MEETING HELD ON JULY 26, 2011

PRESENT: COUNCILMEMBERS, MICHAEL JOHNSON, BRAD SHARLOW,
GREGORY WEKWERT, TERRY WOOD,
MAYOR ROSS DELAU AND CITY CLERK DEVIN MILLER

ABSENT: COUNCILMEMBER, JO ANNE O'BERRY due to previous
engagement and Tom Chaput due to vacation.

Mayor Ross DeLau called the meeting to order at 7:18 p.m. and led
the Pledge of Allegiance.

COMMENTS FROM THE PUBLIC: None

NEW BUSINESS:

DF WEBS INC., Gordon Taylor-

Gordon Taylor was there to answer any questions regarding
changing the websites server to DF Webs Inc. from I T Right.
Council agreed with the change with the stipulation there would
be no breach of contract with the City and I T Right.

OLD BUSINESS:

Possible First Reading of P.I.L.O.T. Ordinance No. 316-

First Reading of the P.I.L.O.T. Ordinance No. 316-
Moved by Wekwert, seconded by Sharlow that the P.I.L.O.T.
Ordinance No. 316 regarding the property taxes on Washington St.
which reads as follows be placed on the next agenda for possible
adoption:

THE CITY OF PERRY ORDAINS:

SECTION 1. This Ordinance shall be known and cited as the
"City of Perry Tax Exemption Ordinance Regarding Property at 160
and 152 N. Washington Street and 529 E. Second Street in the City
of Perry".

SECTION 2. Preamble

It is acknowledged that it is a proper public purpose of the
State of Michigan and its political subdivisions to provide
housing for its citizens of low to moderate income and to
encourage the development of such housing by providing for a
service charge in lieu of personal and real property taxes in
accordance with the State Housing Development Authority Act of
1966 (1966 PA 346, as amended, MCLA Section 125.1401 et seq., MSA
Section 116.114(1) et. seq.). The City of Perry is authorized by
said Act to establish or change the service charge to be paid in
lieu of taxes by any or all classes of housing exempt from
taxation under the Act at any amount it chooses not to exceed the
taxes that would be paid but for the Act. It is further
acknowledged that such housing for persons of low and moderate
income is a public necessity, and as the City of Perry will be
benefited and improved by such housing, the encouragement of the

same by providing certain real estate tax exemption for such housing is a valid public purpose; further, that the continuance of the provisions of this Ordinance for tax exemption and the service charge in lieu of taxes during the period contemplated in this Ordinance are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption.

The City of Perry acknowledges that JPS Perry Limited Dividend Housing Association, a Michigan Limited Partnership (the "Sponsor") has offered subject to receipt of a Low Income Housing Tax Credit Reservation from the Michigan State Housing Development Authority, to erect, rehabilitate, own and operate a housing development identified as Cherry Hill Manor Apartments - Parcel No.: 024-60-020-001, Cherry Hill Manor II Apartments - Parcel No.: 024-60-020-003 and Washington Square Senior Citizen Apartments - Parcel No.: 024-60-020-002 (the "Housing Development") on certain property located at 160 & 152 N Washington St and 529 E Second St in the City of Perry to serve persons of low and moderate income and that the Sponsor has offered to pay the City of Perry on account of this housing development an annual service charge for public services in lieu of all taxes.

SECTION 3. Definitions

- a) Act means the State Housing Development Authority Act, being Public Act 346 of 1966 of the State of Michigan, as amended.
- b) Annual Shelter Rent means the total collections during an agreed annual period from all occupants of a housing development representing rent or occupancy charges, exclusive of charges for gas, electricity, heat or other utilities furnished to the occupants.
- c) Authority means the Michigan State Housing Development Authority.
- d) Rural Development means the United States Department of Agriculture -Rural Development through the Rural Rental Housing Program under Section 515 of the federal Housing Act of 1949, as amended.
- e) Housing Development means a development which contains a significant element of housing for persons of low and moderate income and such elements of other housing, commercial, recreational, industrial, communal and educational facilities as the Authority determines improves the quality of the development as it relates to housing for persons of low and moderate income.
- f) Low and Moderate Income Persons means persons and families eligible to move into a Housing Development assisted by the Authority and/or Rural Development.
- g) Mortgage Loan means a loan made, transferred, to be made or to be transferred by Rural Development and/or the Authority to the Sponsor for the construction, rehabilitation and/or permanent financing of the Housing Development.
- h) Sponsor means person(s) or entity(ies), which have

applied or will apply to Rural Development and/or the Authority for a Mortgage Loan or reservation of Low Income Housing Tax Credits to finance a Housing Development.

- i) Utilities mean fuel, water, sanitary sewer service and/or electrical service, which are paid by the Housing Development.

SECTION 4. Class of Housing Development

It is determined that the class of Housing Development to which the tax exemption shall apply and for which a service charge shall be paid in lieu of such taxes shall be that portion of a development which is for low and moderate income persons and which is financed or assisted pursuant to the Act. It is further determined that Cherry Hill Manor Apartments, Cherry Hill Manor II Apartments and Washington Square Senior Citizen Apartments are of this class.

SECTION 5. Establishment of Annual Service Charge

The Housing Development identified as Cherry Hill Manor Apartments, Cherry Hill Manor II Apartments and Washington Square Senior Citizen Apartments and the property on which they are constructed shall be exempt from all personal and real property taxes from and after the transfer of the Housing Development to the Sponsor. The City of Perry acknowledging that the Sponsor, Rural Development and the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this Ordinance and the qualification of the Housing Development for exemption from all personal and real property taxes and a Payment In Lieu Of Taxes (PILOT) as established in this Ordinance, and in consideration of the Sponsors offer, subject to receipt of a Low Income Housing Credit Reservation from the Authority or a Mortgage Loan from Rural Development, to rehabilitate, own and operate the Housing Development, agrees to accept payment of an annual service charge for public services in lieu of all personal and real property taxes. The annual service charge shall be equal to 10% of the Annual Shelter Rents actually collected less Utilities.

SECTION 6. Limitation on the Annual Service Charge.

Notwithstanding Section 5, the service charge to be paid each year in lieu of taxes for the part of the Housing Development which is tax exempt and which is occupied by other than low income persons or families shall be equal to the full amount of the taxes which would be paid on that portion of the Housing Development if the Housing Development were not tax exempt.

The term "low-income persons or families" as used herein shall be the same meaning as found in Section 15(a)(7) of the Act.

SECTION 7. Effect of Ordinance.

Notwithstanding the provisions of section 15(a)(5) of the Act, to the contrary, a contract between the City of Perry and the Sponsor, with the Authority and Rural Development as third party beneficiary under the contract, to provide tax exemption and accept payments in lieu of taxes, as previously described, is effectuated by enactment of this Ordinance.

SECTION 8. Payment of Service Charge.

The service charge in lieu of taxes as determined under the Ordinance shall be payable in the same manner as general property taxes are payable to the City of Perry except that the annual payment shall be paid on or before May 1st of each year.

SECTION 9. Duration

This Ordinance shall remain in effect and shall not terminate so long as the Mortgage Loan remains outstanding and unpaid or the Authority has any interest in the property; provided, that rehabilitation of the Housing Development commences within twenty-four (24) months from the effective date of this Ordinance.

SECTION 10. Severability

The various sections and provisions of this Ordinance shall be deemed to be severable, and should any section or provision of this Ordinance be declared by any court of competent jurisdiction to be unconstitutional or invalid, the same shall not affect the validity of the Ordinance as a whole or any section or provision of this Ordinance other than the section or provision so declared to be unconstitutional or invalid.

SECTION 11. Effective Date

This Ordinance shall become effective 20 days from date of publication. All ordinances or parts of ordinances in conflict with this Ordinance are repealed to the extent of such conflict.
Discussion.

Carried, all aye.

ADJOURNMENT: 7:59 P. M.

Ross A. DeLau, Mayor Date

Devin Miller, Clerk Date