

MEETING AGENDA
January 19, 2021 at 7:30 am
Tax Increment Finance Authority
City of Hillsdale
97 N Broad Street

I. Consent Agenda - Action

- A. Minutes from Meeting 11/19/2020
- B. Minutes from Targeted Development Committee Meeting 12/8/2020
- C. Financial Reports

II. Public Comment

Agenda items only – 3 min.

III. Membership Update

- A. Committee Appointments – Lance Lashaway & Mary Spiteri

IV. Committee Reports

- A. Program Committee – Cindy Bieszk, Chair
 - 1. General Report
- B. Targeted Development Committee – Mary Wolfram, Chair.
 - 1. General Report
 - 2. Municipal Purchase Contract recommendation
- C. Beautification Committee - Chair
 - 1. General Report
- D. Dawn Theater Governance Board – Mary Wolfram, Liaison
 - 1. General Report

V. Old Business

- A. Dawn Theater Project Update
- B. BPU Electric Dept. Loan Payment Schedule

VI. New Business

VII. Economic Development Update/Board Round Table

VIII. Adjournment

Next Meeting: March 16, 2021 at 7:30 am.



CITY OF HILLSDALE

Tax Increment Finance Authority TIFA Special Electronic Meeting November 19, 2020

Minutes

I. Call to Order at 7:35 am

- A. Members Present: Chair Andrew Gelzer, Cindy Bieszk, Mary Wolfram, Mathew McLain, Darin Spieth, Michael Clark, Chris Bahash
- B. Others present: Alan Beeker, Jack McLain, John Taipalus, Keila Kilgore, Brandon Janes
- C. Members Absent: Tim Dixon, John Spiteri, Councilman Greg Stuchell, Margaret Braman, Lance Lashaway, Mary Spiteri

- #### **II. Consent Agenda** – Mary Wolfram made a motion to approve the consent agenda as submitted. Cindy Bieszk seconded, motion passed.

- #### **III. Public Comment**
- No public comment.

IV. Membership Update

- A. New Member – Chris Bahash
- B. Committee Appointments
 - 1. Mr. Bahash requested to be on the Targeted Development Committee. Chair Gelzer approved the appointment.
 - 2. Lance Lashaway and Mary Spiteri also need to be appointed to a Committee.
 - a. Due to their absence, Cindy Bieszk suggested waiting until the January meeting to appoint Lance Lashaway and Mary Spiteri to a committee. Their feedback would be important in placing them on a committee.

V. Committee Reports

- A. Program Review Committee – Cindy Bieszk, Chair
 - 1.11 E. Carleton Façade Grant – the owner has applied for a grant to install a new roof and vinyl siding. The estimated project cost is \$23,825.85. The Committee recommended that a grant of \$10,000 be approved by the Board, Darin Spieth seconded, motion passed.
 - 2.36 Waldron Façade Grant – the owner has applied for a grant to replace existing storefront windows, entry doors and canopy. The estimated project cost is \$20,657.00. The owner was requesting a grant of \$10,000.

- a. John Taipalus, property owner, gave an overview of the project and answered the Committee questions.
- b. Mary Wolfram asked what he intends to do in the building.
- c. Mr. Taipalus is going to operate an Ecommerce sign shop that will build boutique signs. The work force will be mostly students and Mr. Taipalus will teach the students wood working and crafting skills.
- d. The Committee recommended that the Board approve the \$10,000 grant, Mr. Spieth seconded, motion passed.

B. Targeted Development Committee – Mary Wolfram, Chair

1. Ms. Wolfram gave a brief update on the Dawn Theater and Keefer House Hotel projects and how Targeted Development became involved. She also gave a brief overview of the history and purpose behind the formation of the Committee.

2. Mr. Gelzer gave a brief explanation of the two proposals for a Municipal Purchase Contract (MPC) to help fund the Dawn Theater project.

- a. County National Band (CNB) and Southern Michigan Bank and Trust submitted proposals. (SMBT)
- b. The Committee recommended the SMBT Alternative A to the Board for approval.
- c. Ms. Wolfram wanted the Board to be aware that upon approval of an MPC, the Board would be paying \$80,000 annually in loan payments over the next ten years.
- d. Cindy Bieszk seconded the motion.
- e. Alan Beeker requested that due to the meeting format, the vote be a roll call vote. Chair Gelzer requested a roll call vote:

- Mathew McLain – yes
- Darin Spieth – yes
- Chris Bahash – yes
- Cindy Bieszk – yes
- Mike Clark – yes
- Andrew Gelzer – yes
- Mary Wolfram – yes
- Motion passed unanimously

C. Beautification – Kathy Newell, Chair

1. No report

2. Chair Gelzer read Kathy Newell's resignation to the Board. He told the Board that she had been a long term member who had worked hard to improve the TIFA district and improve its aesthetics. He asked Mr. Beeker to create an honorary award for Ms. Newell in appreciation for her years of service.

D. Dawn Theater Governance Board – Mary Wolfram, Liaison

1. Ms. Wolfram reported that the Audio/Visual plan has been designed and Foulke Construction will be installing the infrastructure. The A/V equipment is not covered under the MEDC grant and so fund-raising will be needed to raise the monies to pay for the equipment. The Friends of the Dawn will be tasked to do the fund-raising.

2. Mr. Bahash asked what the fund raising goals would be. He was told that the full A/V cost would be approx. \$200,000 but that a temporary A/V system utilizing portable

equipment could be accomplished for \$10,000-\$20,000. The Friends are also working on funding for the restoration and re-installation of the Theater's original Wurlitzer organ for approx. \$200,000.

VI. Old Business

A. Dawn Theater Update –

- Mr. Beeker told the Board there was not much to add from previous discussions. He told the Board that the roof was expected to be fully complete in 7-10 days and Foulke Construction expected to be working on the interior again within the next two weeks.

B. Informational Meeting –

- Chair Gelzer explained the new requirement for two additional annual meetings that were not to do business but to provide information to the public as to the workings of TIFA. Due to all of the Covid shutdowns, it has been a struggle to get even one scheduled.
- The Board agreed to try to schedule a public in-person meeting on December 9, 2020 at 5:30 pm.
- Mr. Beeker suggested that it be a hybrid in-person, virtual meeting with the ability to email questions ahead of time and chat during the meeting.
- The meeting will be posted on the City website, social media pages and during the next Council meeting.

VII. New Business

No New Business.

VIII. Adjournment – Andrew Gelzer moved to adjourn, Chris Bahash seconded. Meeting adjourned at 8:30 a.m.

Next Regular Meeting: January 19, 2021 at 7:30 am.

CITY OF HILLSDALE

Tax Increment Finance Authority TIFA Targeted Development Committee Electronic December 8, 2020

Minutes

I. Call to Order at 5:34 pm

- Members Present: Mary Wolfram (Chair), Andrew Gelzer
- Members Absent: Tim Dixon, Chris Bahash
- Others present: Alan Beeker, Jack McLain

NO QUORUM – without a quorum the persons present discussed items on the agenda without decisions.

II. Consent Agenda

No motion.

III. Old Business

- RFP for TIFA Installment Purchase Agreement
 - Alan Beeker told the Committee that the bank was developing the documents for the agreement. The Attorney would review and the documents would be ready to approve and sign at the January Board meeting.
- Dawn Theater Liquor License
 - Mary Wolfram told the Committee there was nothing to update
- Dawn Theater Rehabilitation
 - Alan Beeker gave the Committee a brief update to the project. The roof is completed, the Contractor is going to add temporary heat to the building and the Electrician and Fire Suppression Contractor were due to start interior work on Monday, December 14.

IV. New Business

- Future Projects
 - No future projects discussed.

V. Public Comment

Jack McLain had several questions regarding TIFA. The main questions were regarding how the tax capture functioned and why TIFA programs negated residential properties.

VI. Adjournment - Mr. Gelzer moved to adjourn, Ms. Dixon seconded. Meeting adjourned at 6:14 pm.

Fund 247 TAX INCREMENT FINANCE ATH.

GL Number	Description	Balance
*** Assets ***		
247-000.000-001.000	CHECKING ACCOUNT - COMMON	4,172.37
247-000.000-020.000	INVESTMENTS - MBIA/CLASS	151,067.42
247-000.000-082.001	DUE FROM OTHERS - BRIDGE LOANS	265,000.00
247-000.000-130.000	LAND	65,000.00
247-000.000-136.000	PLANT AND EQUIPMENT	211,464.55
247-000.000-137.000	ACCUMULATED DEPRECIATION-EQUI	(392,784.54)
247-000.000-138.000	INFRASTRUCTURE	381,672.00
247-000.000-158.000	CONSTRUCTION WORK IN PROGRESS	142,416.36
Total Assets		828,008.16
*** Liabilities ***		
247-000.000-202.000	ACCOUNTS PAYABLE	425.00
247-000.000-214.582	DUE TO ELECTRIC	200,000.00
Total Liabilities		200,425.00
*** Fund Balance ***		
247-000.000-390.000	FUND BALANCE	865,221.20
Total Fund Balance		865,221.20
Beginning Fund Balance		865,221.20
Net of Revenues VS Expenditures		(237,638.04)
Ending Fund Balance		627,583.16
Total Liabilities And Fund Balance		828,008.16

PERIOD ENDING 12/31/2020

% Fiscal Year Completed: 50.41

*NOTE: Available Balance / Pct Budget Used does not reflect amounts encumbered.

GL NUMBER	DESCRIPTION	END BALANCE		YTD BALANCE		ACTIVITY FOR MONTH 12/31/20	AVAILABLE		% BGD USED
		06/30/2020 NORM (ABNORM)	2020-21 AMENDED BUDGET	12/31/2020 NORM (ABNORM)	12/31/2019 NORM (ABNORM)		BALANCE		
Fund 247 - TAX INCREMENT FINANCE ATH.									
Dept 000.000									
Revenues									
247-000.000-402.000	CURRENT TAXES	85,427.13	92,000.00	69,059.13	0.00	0.00	22,940.87	75.06	
247-000.000-406.000	TAXES - PA 86 SEC. 17 PPT REPI	26,740.54	36,000.00	0.00	26,740.54	0.00	36,000.00	0.00	
247-000.000-529.000	FEDERAL GRANT - CDBG	109,175.00	1,000,000.00	239,893.50	38,250.00	239,893.50	760,106.50	23.99	
247-000.000-573.000	LOCAL COMMUNITY STABILIZATION	0.00	0.00	31,208.01	0.00	0.00	(31,208.01)	100.00	
247-000.000-665.000	INTEREST	2,019.54	0.00	102.30	1,091.01	0.00	(102.30)	100.00	
247-000.000-690.247	OTHER REFUNDS - TIFA GRANTS	400.00	0.00	0.00	400.00	0.00	0.00	0.00	
247-000.000-692.005	OTHER REVENUES - DAWN THEATER	0.00	0.00	0.00	(1,350.00)	0.00	0.00	0.00	
TOTAL REVENUES		223,762.21	1,128,000.00	340,262.94	65,131.55	239,893.50	787,737.06	30.17	
Net - Dept 000.000		223,762.21	1,128,000.00	340,262.94	65,131.55	239,893.50	787,737.06		
Dept 900.000 - CAPITAL OUTLAY									
Expenditures									
247-900.000-726.000	SUPPLIES	659.96	5,000.00	356.14	358.99	0.00	4,643.86	7.12	
247-900.000-801.000	CONTRACTUAL SERVICES	13,205.00	2,000.00	0.00	1,305.00	0.00	2,000.00	0.00	
247-900.000-801.005	CONTRACTUAL SERVICES - DAWN TH	0.00	3,500.00	3,500.00	0.00	0.00	0.00	100.00	
247-900.000-801.006	CONTRACTUAL SERVICES - MEDC GF	425.00	1,000,000.00	555,306.14	63,667.48	238,565.00	444,693.86	55.53	
247-900.000-801.007	CONTRACTUAL SERVICES - TIFA GF	0.00	30,000.00	0.00	0.00	0.00	30,000.00	0.00	
247-900.000-801.247	CONTRACTUAL SERV-FACADE GRANT	35,687.01	0.00	10,000.00	15,687.01	0.00	(10,000.00)	100.00	
247-900.000-801.248	CONTRACTUAL SERVICES - BUS ATT	10,000.00	0.00	0.00	10,000.00	0.00	0.00	0.00	
247-900.000-806.000	LEGAL SERVICES	750.00	2,000.00	675.00	712.50	0.00	1,325.00	33.75	
247-900.000-850.000	INSURANCE	7,424.00	0.00	7,393.00	0.00	0.00	(7,393.00)	100.00	
247-900.000-920.000	UTILITIES	1,294.59	1,000.00	670.70	696.71	140.18	329.30	67.07	
247-900.000-968.000	DEPRECIATION	4,229.29	0.00	0.00	0.00	0.00	0.00	0.00	
247-900.000-970.000	CAPITAL OUTLAY	0.00	264,000.00	0.00	0.00	0.00	264,000.00	0.00	
TOTAL EXPENDITURES		73,674.85	1,307,500.00	577,900.98	92,427.69	238,705.18	729,599.02	44.20	
Net - Dept 900.000 - CAPITAL OUTLAY		(73,674.85)	(1,307,500.00)	(577,900.98)	(92,427.69)	(238,705.18)	(729,599.02)		
TOTAL REVENUES		223,762.21	1,128,000.00	340,262.94	65,131.55	239,893.50	787,737.06	30.17	
TOTAL EXPENDITURES		73,674.85	1,307,500.00	577,900.98	92,427.69	238,705.18	729,599.02	44.20	
NET OF REVENUES & EXPENDITURES		150,087.36	(179,500.00)	(237,638.04)	(27,296.14)	1,188.32	58,138.04	132.39	

User: BTEW
 DB: Hillsdale

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 247 TAX INCREMENT FINANCE ATH.							
Department 000.000							
07/01/2020			247-000.000-529.000 FEDERAL GRANT - CDBG		BEG. BALANCE		0.00
08/03/2020	GJ	JE	TO REVERSE MANUAL JOURNAL ENTRY: 1380	13802	4,500.00		4,500.00
08/04/2020	CR	RCPT	MISCELLANEOUS 08/04/2020			4,500.00	0.00
12/04/2020	CR	RCPT	MISCELLANEOUS 12/04/2020			239,143.50	(239,143.50)
12/04/2020	CR	RCPT	MISCELLANEOUS 12/04/2020			750.00	(239,893.50)
12/31/2020			247-000.000-529.000	END BALANCE	4,500.00	244,393.50	(239,893.50)
TOTAL FOR DEPARTMENT 000.000					4,500.00	244,393.50	
TOTAL FOR FUND 247 TAX INCREMENT FINANCE ATH.					4,500.00	244,393.50	(239,893.50)

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 247 TAX INCREMENT FINANCE ATH.							
Department 900.000 CAPITAL OUTLAY							
07/01/2020			247-900.000-801.006 CONTRACTUAL SERVICES - MEDC		BEG. BALANCE		0.00
08/20/2020	AP	INV	FOULKE CONSTRUCTION	DRAW-006	60,750.00		60,750.00
08/20/2020	AP	INV	DAWN THEATER REHABILITATION GARY W ANDERSON ARCHITECTS	20-4657	4,813.75		65,563.75
08/20/2020	AP	INV	DAWN THEATER REHABILITATION KABIL ASSOCIATES INC.	8061-929	2,478.82		68,042.57
09/03/2020	AP	INV	DAWN THEATER REHABILITATION KABIL ASSOCIATES INC.	8061-947	1,750.00		69,792.57
09/03/2020	AP	INV	DAWN THEATER REHABILITATION KABIL ASSOCIATES INC.	8061-947	720.00		70,512.57
09/03/2020	AP	INV	DAWN THEATER REHABILITATION KABIL ASSOCIATES INC.	8061-947	409.78		70,922.35
10/01/2020	AP	INV	DAWN THEATER REHABILITATION STUDIO GWA	20-4680	4,923.92		75,846.27
10/20/2020	AP	INV	DAWN THEATER REHABILITATION FOULKE CONSTRUCTION	006	60,750.00		136,596.27
10/26/2020	AP	INV	DAWN THEATER REHABILITATION FOULKE CONSTRUCTION	7	117,643.50		254,239.77
11/25/2020	AP	INV	DAWN THEATER REHABILITATION FOULKE CONSTRUCTION	9	62,311.50		316,551.27
11/25/2020	AP	INV	DAWN THEATER REHABILITATION STUDIO GWA	20-4714	189.87		316,741.14
12/31/2020			247-900.000-801.006	END BALANCE	316,741.14	0.00	316,741.14
TOTAL FOR DEPARTMENT 900.000 CAPITAL OUTLAY					316,741.14	0.00	
TOTAL FOR FUND 247 TAX INCREMENT FINANCE ATH.					316,741.14		316,741.14

**CITY OF HILLSDALE MICHIGAN TAX INCREMENT FINANCE
AUTHORITY
INSTALLMENT PURCHASE AGREEMENT AND ASSIGNMENT
(ACT 99, P.A. 1933)**

THIS INSTALLMENT PURCHASE AGREEMENT AND ASSIGNMENT (the "Agreement") is made and executed by and between the City of Hillsdale, Michigan Tax Increment Finance Authority, a Michigan Political subdivision organized and existing under the constitution and laws of the State of Michigan, whose address is 97 N. Broad Street, Hillsdale, Michigan 49242 ("Hillsdale TIFA"), Foulke Construction Company, whose address is 149 Lewis Street, Hillsdale, Michigan 49242 (the "Contractor") and Southern Michigan Bank & Trust, whose address is 51 West Pearl Street, PO Box 309, Coldwater, Michigan 49036 (the "Bank") (Collectively, the "Parties"), as of January 19, 2021.

WITNESSETH:

WHEREAS, Hillsdale TIFA intends to acquire from the Contractor new Roofing Improvements and related equipment and services to a Building commonly referred to as The Dawn Theater that is owned by Hillsdale TIFA and is located within the Hillsdale TIFA District, within the City of Hillsdale, Michigan (collectively referred to as the "Roofing Improvements"), for use by Hillsdale TIFA for public purposes); and

WHEREAS, Hillsdale TIFA desires to pay for the Roofing Improvements in installments as authorized by Act 99 of the Public Acts of Michigan of 1933, as amended (referred to as "Act 99"); and

WHEREAS, the Bank is willing to provide the required funding that will enable the Hillsdale TIFA to pay the Contractor and acquire the Roofing Improvements, to be repaid pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the respective representations and agreements herein contained, the Parties hereto agree as follows:

1. Definitions. The following terms, wherever used in this Agreement, shall have the following meanings, unless the context shall indicate another or different meaning:

"Act 99" means Act 99 of the Public Acts of Michigan of 1933, as amended.

"Agreement" means this Installment Purchase Agreement.

"Assignment" means that portion of this Agreement in which the Contractor assigns to the Bank the right to receive Payments in accordance with this Agreement.

"Bank" means Southern Michigan Bank & Trust.

"Code" means the Internal Revenue Code of 1986, as amended. Reference to the Code

shall also include applicable final or temporary regulations and proposed regulations thereunder and any successor provisions thereof

“Contractor” means Foulke Construction Company.

“Installment Purchase Amount” means the amount borrowed from the Bank pursuant to the Agreement, excluding the payment of interest, in the amount of not to exceed \$400,000.00.

“Interest Rate” means an interest rate of .90 per annum, computed on the basis of a 360-day year, assuming monthly Payment periods of 30 days each, for a total term of fifteen years.

“Note” means the Installment Note evidencing the Hillsdale TIFA’s obligation to repay the Installment Purchase Amount with interest at the Interest Rate, substantially as set forth in Exhibit A attached hereto.

"Payment" means the payment of a principal and/or interest installment in the accordance with the Note

"Payment Date" means the date a Payment is due and payable in accordance with the Note. The first Payment Date shall be May 1, 2021, and subsequent semi-annual Payment Dates shall be on the 1st day of November and May for each succeeding semi-annual period to and including May 1, 2030.

“Prepayment Amount” means the amount due after a scheduled Payment is made in accordance with the Note.

“Property” means the land on which the Roofing Improvements are to be constructed, located in the City of Hillsdale, Hillsdale County, Michigan.

“Services” means the contracted work to build the Roofing Improvements.

"Roofing Improvements" means the new Roofing materials and installation services for the building commonly referred to as The Dawn Theater that is owned by Hillsdale TIFA and is located within the Hillsdale TIFA District, within the City of Hillsdale, Michigan and related equipment to be financed hereunder.

“State” means the State of Michigan.

“Hillsdale TIFA” means the City of Hillsdale, Michigan Tax Increment Finance Authority.

2. Installment Payments. The Bank, upon execution of this Agreement, agrees to pay the Installment Purchase Amount to the Contractor in immediately available funds, and TIFA agrees to pay to the Bank as assignee of the Contractor, the Payments of principal and interest on the Payment Dates in accordance with the Note, as set forth on Schedule 1 attached to the Note.

3. Nature of Interest. The Parties acknowledge that this transaction is authorized by Act 99, and acknowledge their intention that because TIFA's obligation hereunder is a purchase money obligation of a Michigan Municipality Authority that is backed by the Authorities' limited tax, full faith and credit, general obligation, the interest to be paid to the Bank hereunder shall be excludable from gross income from purposes of federal income tax and State of Michigan income tax. TIFA shall provide the Bank with an opinion of its counsel, Lovinger & Thompson, P.C., of Hillsdale, Michigan, in a form acceptable to the Bank.

4. Payments Unconditional. TIFA's obligation to the Bank to pay the Payments and any other amounts owed pursuant to the Note is absolute and unconditional and shall remain in full force and effect until the amounts owed under the Note shall have been paid, and such obligation shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation, any of the following:

- (a) Any failure of title with respect to TIFA's interest in the Property;
- (b) The invalidity, unenforceability, or termination of this Agreement;
- (c) The modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in this Agreement;
- (d) The voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization arrangement, composition with creditors or readjustment or other similar proceedings affecting the Contractor or any of their assets or any allocation or contest of the validity of this Agreement or the Note, or the disaffirmance of this Agreement or the Note in any such proceeding;
- (e) To the extent permitted by law, any event or action which would, in the absence of this clause, result in release or discharge by operation of law of the Contractor from the performance or observation of any obligation, covenant or agreement contained in this Agreement;
- (f) The default or failure of the Contractor to perform fully any of their obligations set forth in any agreement with TIFA or any other agreement;
or
- (g) Any casualty or destruction of the Roofing Improvements.

TIFA shall make Payments when due and shall not withhold any such Payments as a result of any disputes arising between TIFA and the Contractor or any other person, nor shall TIFA assert any right of set-off or counterclaim against its obligation to make such Payments or be entitled to any abatement of such Payments as a result of accident or unforeseen circumstances, or the Roofing Improvements being defective.

5. Title to the Roofing Improvements. Upon delivery to and acceptance by TIFA, title to the Roofing Improvements shall vest in TIFA, free and clear of any lien or other security interest.

6. Useful Life of the Roofing Improvements. TIFA represents that the useful life of the Roofing Improvements is equal to or longer than the date of the final Payment on the Note.

7. Security for Payment Limited Tax, Full Faith and Credit. TIFA agrees to include in its budget for each fiscal year during the term hereof an amount sufficient to pay when due the Payments coming due under this Agreement during such fiscal year.

8. No Security Interest in Property. The Bank shall have no security interest in the Property or the Roofing Improvements.

9. Term of Agreement. This Agreement shall terminate on the final Payment Date of the Note, or such earlier date that all amounts due to the Bank hereunder are paid in full by TIFA.

10. Representations of TIFA. TIFA makes the following representations:

- (a) TIFA is a Michigan Municipal Authority duly organized and legally existing under the Constitution and laws of the state of Michigan.
- (b) TIFA will do or cause to be done all things necessary to preserve and keep in full force and affect its existence as a Michigan Municipal Authority.
- (c) TIFA is authorized under the constitution and laws of the State to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.
- (d) This Agreement constitutes a legal, valid, binding, and enforceable obligation of TIFA in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally.
- (e) TIFA's name indicated in the opening paragraph and on the signature page of this Agreement is its true, correct, and complete legal name.
- (f) During the term of this Agreement, the Property and the Roofing Improvements will be used by TIFA only for the purpose of performing

one or more governmental public functions of TIFA consistent with the permissible scope of TIFA's authority.

- (g) TIFA will provide the Bank with such information regarding its financial affairs and condition as the Bank may reasonably request from time to time, including but not limited to status, budget and cash flows of the Roofing Improvements project; general fund budget, as adopted and amended for the current fiscal year; and financial statements within 150 days after the close of TIFA's fiscal year, including a balance sheet, statement of revenue and expenditures and cash flow, and such other comments and financial details customarily seen in such reports.
- (h) Neither the making of the Payments under the Note nor any portion thereof is directly or indirectly (a) secured by any interest in (i) property used or to be used for a private business use within the meaning of Section 141(b) of the Code or (ii) payments in respect of such property, or (b) to be derived from payments (whether or not to TIFA) in respect of property, or borrowed money, used or to be used for a private business use within the meaning of Section 141(b). The Roofing Improvements will not be used for any private business use within the meaning of Section 141(b).
- (i) TIFA has designated the Payments under the Note to be "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code.

11. Representations of the Bank. The Bank makes the following representations:

- (a) It has the legal capacity to execute this Agreement and to carry out its obligations and undertakings hereunder and the persons executing the Agreement on its behalf have been duly authorized to do so.
- (b) This Agreement is valid, binding, and enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally.

12. Representations of the Contractor. The Contractor makes the following representations:

- (a) It has the legal capacity to execute this Agreement and to carry out its obligations and undertakings hereunder and the persons executing the Agreement on its behalf have been duly authorized to do so.
- (b) This Agreement is valid, binding, and enforceable in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally.

13. Event of Taxability. If an Event of Taxability shall occur, as hereinafter defined, all outstanding Payments of principal plus accrued and unpaid interest shall be due and payable, and TIFA, not later than 30 days following receipt from the Bank. An "Event of Taxability" shall mean the issuance of a statutory Notice of Deficiency by the Internal Revenue Service or a ruling of the National Office of the Internal Revenue Service, or a final decision of a court of competent jurisdiction which hold in effect that, by reason of TIFA's violation or failure to comply with any applicable provision of the Code, the Payments of interest under the Note are includable in the gross income of the Bank for federal income tax purposes.

14. Disclaimer of Warranties by Bank. The Bank makes no warranty or representation, either expressed or implied, as to the value, design, condition, merchantability or fitness for particular purpose or fitness for use of the Roofing Improvements, or warranty with respect thereto. In no event shall the Bank be liable for any incidental, indirect, special, or consequential damage in connection with or arising out of this Agreement or the existence, furnishing, functioning or TIFA's use of the Roofing Improvements.

15. Indemnification by TIFA. To the extent permitted by the laws and the constitution of the State, TIFA shall protect, hold harmless and indemnify the Bank from and against any and all liability, obligations, losses, claims and damages whatsoever, regardless of cause thereto, and expenses in connection therewith, including, without limitation, reasonable counsel fees and expenses arising out of the acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of the Roofing Improvements or any accident in connection with the operation, use, condition, possession, storage or return of the Roofing Improvements resulting in damage to

the Roofing Improvements or injury or death to any person. This indemnification shall continue in full force and effect notwithstanding the full payment of all obligations under this Agreement or the termination of this Agreement for any reason.

16. Events of Default. The following shall be an “Event of Default” under this agreement:

- (a) Failure by TIFA to make the Payments at the times specified in the Note; or
- (b) Failure of TIFA to observe and perform any other covenant, condition, or agreement on its part to be observed or performed, and continuation of such failure for a period of 30 days after written notice specifying such failure and requesting that it be remedied, unless the Bank shall agree in writing to an extension of such time prior to its expiration, and shall be such that with due diligence it cannot be corrected within such period; provided, however, it shall not constitute an Event or Default if corrective action is instituted by TIFA within such period and diligently pursued until corrected; or
- (c) TIFA shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) commence a proceeding under any federal or state bankruptcy, insolvency, reorganization or other similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed or unstayed for 60 days; (iii) make an assignment for the benefit of creditors or provide for the entry into any agreement for the composition of creditors; or (iv) have applied for the appointment of a receiver, purchaser or liquidator for it or the whole or any substantial part of its property; or
- (d) TIFA shall materially breach any representation or warranty under this Agreement.

17. Remedies upon Default. Whenever an Event of Default referred to in Section 16 hereof shall occur and be continuing, the Bank may:

- (a) Upon the occurrence of an Event of Default described in Section 15(a) hereof and the failure to cure such Event of Default within seven (7) days after receipt of written request from the Bank, declare all of the unpaid principal and interest on the Note (the portion thereof accrued) to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived; and
- (b) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement.

18. Assignment. The Contractor's right to receive Payments under this Agreement, and the obligation of TIFA to make the Payments hereunder, are hereby assigned by the Contractor to the Bank and may be reassigned by the Bank in whole or in part to one or more assignees at any time subsequent to its execution, without the necessity of obtaining the consent of TIFA. The Bank agrees to give notice of assignment to TIFA, and upon receipt of such notice TIFA agrees to make all Payments to the assignee, notwithstanding any claim, defense, set off or counterclaim whatsoever (whether arising from a breach of this Agreement, the Note or otherwise) that TIFA may from time to time have against the Bank, or the assignee. The Bank's interest in this Agreement and the Note may not be assigned or reassigned in whole or in part unless (i) the document by which such assignment or reassignment is made discloses the name and address of the assignee, and (ii) TIFA receives written notification of the name and address of the assignee. TIFA hereby designates the Bank or its assignee as its agent to maintain a book entry system in conformance with Section 149(a) of the Code, consisting of a record of ownership that identifies the owner of any interest in the Agreement, which record may be examined by TIFA at its request. The right to payment of the amounts due hereunder may be transferred only through such book entry system. Anything in the foregoing to the contrary notwithstanding, the Bank's interest in this Agreement may be assigned in whole or in part upon terms which provide in effect that the assignor or assignee will act as a collection and paying agent for holders of certificates of participation in this Agreement.

19. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when dispatched by registered or certified mail, return receipt requested, postage prepaid. Or by hand delivery, or by email and confirmed the same day by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to TIFA:

City of Hillsdale, Michigan Tax Increment Finance Authority
97 N. Broad Street, Hillsdale, MI 49242
Attn: David Mackie, City Manager

If to the Bank:

Southern Michigan Bank & Trust
51 West Pearl Street, PO Box 309,
Coldwater, Michigan 49036
Attn: _____

If to the Contractor:

Foulke Construction Company,
149 Lewis Street, Hillsdale, Michigan 49242
Attn: David Foulke, President

The Parties may designate, by notice given hereunder, any further or different address to which subsequent notices, certificates or other communications may be sent.

20. Governing Law. This Agreement and the Note shall be construed in all respects in accordance with the laws of the State.

21. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof

22. Binding Effect. The covenants herein contained shall bind, and the benefits and advantages shall inure to, the respective successors and assigns of the Parties hereto.

23. Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute the same in instrument.

24. Captions. The captions or headings in the Agreement are for convenience only and in no way define, limit or describe the scope or intent or any provisions or sections of the Agreement.

25. Entire Agreement. This Agreement and the Note constitute the entire agreement between the Parties, and there are no representations, warranties, promises, guarantees or agreements, oral or written, express or implied, between the Parties hereto with respect to the Agreement and the Note.

26. Amendments. Neither this Agreement nor the Note may be effectively amended, changed, modified, altered or terminated without the prior written consent of TIFA and the Bank.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed all as of the day and year first above written.

CITY OF HILLSDALE, MICHIGAN TAX INCREMENT FINANCE AUTHORITY

By: _____
_____, its Chairman

By: _____
David Mackie, City Manager

SOUTHERN MICHIGAN BANK & TRUST

By: _____
_____, its _____

FOULKE CONSTRUCTION COMPANY

By: _____
David Foulke, its President

EXHIBIT A

CITY OF HILLSDALE, MICHIGAN TAX INCREMENT FINANCE AUTHORITY

INSTALLMENT NOTE

Principal Amount: Not to exceed \$400,000.00
Interest Rate: .90%
Issue Date: _____, 2021
Tax ID No.: _____ Final Due Date: November 1, 2030

KNOW ALL MEN BY THESE PRESENTS, that the City of Hillsdale, Michigan Tax Increment Finance Authority, a Michigan Municipal Authority (TIFA), hereby acknowledges itself indebted and for value received promises to pay to Southern Michigan Bank & Trust, of 51 West Pearl Street, PO Box 309, Coldwater, Michigan 49036 (the "Bank"), or its assigns, the sum of not to exceed \$400,000.00, together with interest thereon at the rate of point zero nine (.09%) percent, per annum from the date hereof. All Payments shall be made on the Payment Dates set forth on Schedule 1 attached hereto and made a part hereof. Payments on this Note are payable in lawful money of the United States of America at the office of Southern Michigan Bank & Trust, 51 West Pearl Street, PO Box 309, Coldwater, Michigan 49036, as a paying agent and Note registrar.

Interest on this Note shall be calculated on the basis of a 360-day year, assuming monthly Payment periods of 30 days each.

If an Event of Taxability shall occur, as defined in the Installment Purchase Agreement dated as of _____, 2021 (the "Agreement"), not later than 30 days following receipt from the Bank of written notice that an Event of Taxability has occurred, TIFA shall pay to the Bank all outstanding principal and interest accrued to the date of payment thereof

Each of the following shall be an event of default under this Note:

(a) If default occurs in the payment of any installment of principal or interest hereunder or of any late charge, out-of-pocket expense, or loan processing fee at any time owing to Bank or any affiliate Bank under this Note or in the payment of any other indebtedness or obligation now or hereafter owing by TIFA to Bank or any affiliate of Bank under this Note or any loan agreement or other agreement heretofore or hereafter entered into between TIFA and Bank or any affiliate of Bank or if there occurs any other event of default under any such loan agreement or other document;

(b) If any warranty or representation heretofore or hereafter made to Bank or any affiliate of Bank by TIFA, in this Note, or in any financial statement, loan application or other document given to Bank, shall have been false in any material respect;

(d) If TIFA shall dissolve, become insolvent, or make an assignment for the benefit of creditors;

(e) If any levy, writ of attachment, garnishment, execution, or similar process shall be issued against or placed upon any property of TIFA or

(f) If at any time Bank or any affiliate of Bank for any reason shall in good faith believe that the prospect of payment of performance of this Note or any other indebtedness or obligation of TIFA to Bank or any affiliate of Bank is impaired.

Upon the occurrence of any event of default, all or any part of the indebtedness evidenced hereby and all or any part of all other indebtedness and obligations than owing by TIFA to Bank or any affiliate of Bank shall at the option of Bank or any affiliate of Bank, become immediately due and payable without notice or demand. If a voluntary or involuntary case in bankruptcy, receivership or insolvency shall at any time be begun by or against TIFA, or if any attachment, garnishment, execution, levy or similar process shall at any time be placed upon any deposit account at any time maintained with Bank by TIFA, then all such indebtedness and obligations shall automatically become immediately due and payable. All or any part of the indebtedness evidenced hereby also may become, or may be declared to be, immediately due and payable under the terms and conditions contained in any loan agreement, or other agreement heretofore or hereafter entered into between TIFA and Bank or any affiliate of Bank.

The Bank shall have the right at any time to set off any indebtedness that Bank then owes to TIFA (including any deposit account) against any indebtedness evidenced by this Note that is then due and payable.

This Note was authorized to be issued as part of an Installment Purchase Agreement in accordance with the provisions of Act No. 99 of the Public Acts of 1933, as amended, which provides a means by which TIFA may enter into agreements for the purchase of land, property, or equipment for public purposes, to be paid for in installments. The obligation of TIFA to make the principal and interest Payments under this Note is a general obligation of TIFA, and TIFA has pledged its limited tax, full faith and credit, general obligation to the Payment of principal of and interest on this Note, as and when due, subject to constitutional and statutory limitations.

This Note is subject to prepayment in whole on any Payment Date at the discretion of TIFA, upon Payment by TIFA of the then applicable Prepayment Amount as set forth in Schedule 1 of the Note plus the Payment due on such date, upon thirty (30) days written notice to the Bank. Such prepayment shall be without penalty.

TIFA has designated the Payments under this Note to be qualified tax-exempt obligations for the purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and declared that all acts, conditions, and things required to exist, happen, and be performed precedent to the issuance of this Note, existed, happened and have been performed in the time, form and manner as required by the Constitution and statutes of the State of Michigan, and that the amount of this Note, together with all other indebtedness of TIFA, does not exceed any constitutional, charter or statutory limitations.

IN WITNESS WHEREOF, TIFA has caused this Note to be signed in its name by TIFA

Chairman and City Manager.

CITY OF HILLSDALE, MICHIGAN TAX INCREMENT FINANCE AUTHORITY

By: _____
_____, its Chairman

By: _____
David Mackie, City Manager



TO: TIFA

FROM: Zoning Administrator

DATE: January 6, 2021

RE: Electric Department Repayment Schedule

Background: The Electric Department Loan which was utilized for the Dawn Theater Rehabilitation Project was accessed in September of 2019. The loan was originally intended to be accessed in April of 2019 and the repayments were to begin in April 2020 which would require an amendment to the FY2020-21 budget. In speaking to the Financial Director, she suggested that since the funds were not accessed until September, that TIFA request the repayment begin in September 2021. That would make the first payment in the FY2021-22 budget year which would not require any amendments.

TAX INCREMENT FINANCE AUTHORITY
Statement of Indebtednes
Loan From Board of Public Utilities Electrical Departme

Loan - Debt of April 1, 2021

Original Issue of: \$200,000.00

Interest Rate: 1.75%

Dawn Theater Renovation:

Date	Total Payment	Principa	Interest	Fiscal Year Tota
4/1/2020				200,000.00
4/1/2021	43,500.00	40,000.00	3,500.00	160,000.00
4/1/2022	42,800.00	40,000.00	2,800.00	120,000.00
4/1/2023	42,100.00	40,000.00	2,100.00	80,000.00
4/1/2024	41,400.00	40,000.00	1,400.00	40,000.00
4/1/2025	40,700.00	40,000.00	700.00	0.00
Totals	\$ 210,500.00	\$ 200,000.00	\$ 10,500.00	