

The regular meeting of the Greenville City Council was called to order by Mayor Hoppough, in the Council Chambers, in the Municipal Complex located at 415 S. Lafayette Street, Greenville, Michigan 48838 at 7:30 p.m.

Present: Mayor Hoppough; Councilpersons Lehman, Cunliffe, Dora, Linton and Warner; City Manager Bosanic; and Clerk-Treasurer Rasmussen.

Absent: Councilperson Moss

1. The Pledge of Allegiance was led by Mayor Hoppough.
2. The Statement of Citizens consisted of the following: None
3. Councilperson Lehman MOVED: The Consent Agenda be approved as presented. Councilperson Warner seconded. Unanimously adopted.

The Consent Agenda consisted of the following:

- a. Approval of minutes for the regular City Council meeting held February 19, 2019.
- b. Approval of payroll report for the pay period ending January 26, 2019, in the amount of \$122,719.03, and accounts payable report for period ending February 08, 2019, in the amount of \$143,493.06.
- c. Set a Public Hearing for Tuesday, March 19, 2019, to receive comments on an application for an Industrial Facilities Tax Exemption in connection with Aggressive Tooling, Inc.

#### Public Hearings

4. To receive comments pertaining to the PILOT Ordinance, an ordinance to authorize the payment of an annual service charge in lieu of taxes for residential units serving low income persons or families per Act 346 of 1966, as amended, specifically for Greenbriar Apartments.
  - a. Mayor Hoppough opened the public hearing at 7:35 p.m.
  - b. Mayor Hoppough closed the public hearing at 7:35 p.m. after receiving no comments.

#### New Business

5. Council considered an ordinance (19-03) to authorize the payment of an annual service charge in lieu of taxes for residential units serving low

income persons or families per Act 346 of 1966, as amended, specifically for Greenbriar Apartments.

Councilperson Lehman MOVED: To approve Ordinance No. 19-03, an ordinance to authorize the payment of an annual service in lieu of taxes for residential units serving low income person or families per Act 346 of 1966, as amended, specifically for Greenbriar Apartments as presented. Councilperson Cunliffe seconded. Unanimously adopted.

THE CITY OF GREENVILLE ORDAINS:

Section 1. Addition of Section 40-2. Section 40-2 of Chapter 40 of the Code of Ordinances, City of Greenville, Michigan is created to read as follows.

Sec. 40-2. – Exception to the abolishment of tax exemption for certain housing projects.

- (a) Exception. Notwithstanding Section 40-1, this section authorizes and approves an annual service charge in lieu of taxes for the Greenbriar Apartments for Low Income Persons and Families because the development: (1) serves Low Income Persons or Families (as defined in the State Housing Development Authority Act, Act 346 of the Public Acts of Michigan of 1966 (1966 PA 346, as amended; MCL 125.1401 et seq), and this section); (2) is financed with a Mortgage Loan and is assisted by the United States Department of Housing and Urban Development or the Michigan State Housing Development Authority in accordance with Act 346; (3) is located within the City; (4) complies with this section; (5) pre-exists the adoption of Section 40-1; (6) has made payments in lieu of taxes for many years, since being removed from the City's taxable property; and (7) has since been operated in compliance with State and City requirements with a minimal impact upon the City's law enforcement services.
- (b) Preamble. It is acknowledged that it is a proper public purpose of the State of Michigan and its political subdivisions to provide housing for Low Income Persons and Families and to encourage the development of such housing by providing for a service charge in lieu of property taxes in accordance with Act 346. The City is authorized by Act 346 and this Ordinance to establish or change the annual service charge to be paid in lieu of taxes by any and all Classes of housing exempt from taxation under Act 346 at any amount it chooses, not to exceed the taxes that would be paid but for Act 346. It is further acknowledged that housing

for Low Income Persons and Families is a public necessity, and as the City will be benefitted and improved by such housing, the encouragement of the same by providing certain real-estate tax exemptions for such housing is a valid public purpose. The continuance of the provisions of this section for tax exemption and the annual service charge in lieu of taxes during the period contemplated in this section are essential to the determination of economic feasibility of housing developments which are constructed and financed in reliance on such tax exemption. Although the City has not chosen to participate in the provision of housing under Act 346, it is willing to cooperate with the Sponsor of at least certain housing in the City that existed before the adoption of Section 40-1.

The City acknowledges that Wellington Limited Dividend Housing Association Limited Partnership (the "Sponsor" as defined in subsection (c) below) has committed to rehabilitate, own, and operate a housing development identified as "Greenbriar Apartments" on certain property located at 1112 Wellington Street, Greenville, Michigan, which is legally described in subsection (c) (7) below, to serve Low Income Persons and Families. The City further acknowledges that the Sponsor has offered to pay and will pay to the City, on account of the Housing Development, an annual service charge for public services in lieu of all taxes.

- (c) Definitions. The terms used within this section shall have the following meanings.
- (1) "Act" means the State Housing Development Authority Act, being Act 346 of the Public Acts of Michigan of 1966, (1966 PA 346, as amended; MCL 125.1401 et seq).
  - (2) "Authority" means the Michigan State Housing Development Authority.
  - (3) "Class" means the Housing Development known as Greenbriar Apartments for Low Income Persons and Families.
  - (4) "Contract Rents" means the total Contract Rents (as defined by HUD in regulations promulgated pursuant to Section 8 of the U.S. Housing Act of 1937, as amended) received in connection with the operation of the Housing Development governed by this section during an agreed annual period, exclusive of Utilities.
  - (5) "Mortgage Loan" means a loan that is Federally-Aided (as defined in Section 11 of the Act) or a loan or grant made or to be made by the Authority to the Sponsor for the construction, rehabilitation, acquisition, and/or permanent financing of the Housing

Development governed by this section and secured by a mortgage on the Housing Development.

- (6) "Housing Development" means Greenbriar Apartments for Low Income Persons and Families which contains a significant element of housing for persons of low income and such elements of other housing, commercial, recreational, industrial, communal, and educational facilities as the Authority determines to improve the quality of the Housing Development as it relates to housing for persons of low income. The Housing Development is located on the property legally described as:  
Land in the City of Greenville, Montcalm County, Michigan, described as: That part of the Southeast 1/4 of Section 15, Town 9 North, Range 8 West, Eureka Township, Montcalm County, City of Greenville, Michigan, described as follows:  
Commencing at a point which bears North 89 degrees 49' West 1284.52 feet from the Southeast corner of said Section 15 and on the South line thereof and North 01 degrees 10' East 409.5 feet to the point of beginning, said point being on the East line of Edgewood Street; thence North 01 degrees 10' East 300.00 feet on the East line of Edgewood Street; thence South 89 degrees 49' East 544.00 feet; thence South 39 degrees 41' West 175.00 feet; thence South 50 degrees 19' East 70.00 feet; thence South 39 degrees 41' West 363.14 feet; thence North 50 degrees 19' West 251.24 feet; thence North 89 degrees 49' West 67.00 feet to the point of beginning.
  - (7) "Low Income Persons and Families" means persons and families eligible to move into and reside in the Housing Development.
  - (8) "Sponsor" means persons or entities which have applied to the Authority for the Tax Credits to finance a Housing Development. For the purposes of this section, the Sponsor is Wellington Limited Dividend Housing Association Limited Partnership.
  - (9) "Tax Credits" means the low-income housing Tax Credits made available by the Authority to the Sponsor for rehabilitation of the Housing Development by the Sponsor in accordance with the Low Income Housing Tax Credit Program administered by the Authority under Section 42 of the Internal Revenue Code of 1986, as amended.
  - (10) "HUD" means the United States Department of Housing and Urban Development.
  - (11) "Utilities" means fuel, water, sanitary sewer service, and/or electrical service, which are paid by the Housing Development.
- (d) Class of Housing Development. It is determined that the Class of Housing Development to which the tax exemption shall apply and for

which an annual service charge shall be paid in lieu of such taxes shall be the Housing Development defined in this section, that is financed with a Mortgage Loan and known as Greenbriar Apartments for Low Income Persons and Families. This section shall apply only to this Housing Development to the extent that the Housing Development provides housing for Low Income Persons and Families and is financed or assisted by HUD and the Authority pursuant to the Act.

- (e) Establishment of Annual Service Charge.
- (1) The City acknowledges that the Sponsor and HUD and/or the Authority have established the economic feasibility of the Housing Development in reliance upon the enactment and continuing effect of this section and the qualification of the Housing Development for exemption from all ad valorem property taxes and payment of an annual service charge in lieu of ad valorem taxes in an amount established in accordance with this section. In consideration of the Sponsor's offer to rehabilitate, own, and operate the Housing Development, the City agrees to accept payment of an annual service charge for public services in lieu of all ad valorem property taxes that would otherwise be assessed to the Housing Development under Michigan law.
- Effective upon the adoption of this section and subject to the receipt by the City of the "Notification of Exemption" (or such other similar notification) by the Sponsor and/or the Authority, the annual service charge shall be equal to ten percent of Contract Rents.
- (2) The Housing Development, and the property on which it is constructed, shall be exempt from all ad valorem property taxes from and after the commencement of rehabilitation of the Housing Development by the Sponsor under the terms of this section.
- (f) Limitation on the Payment of Annual Service Charge. Notwithstanding subsection (e), if any portion of the Housing Development is occupied by other than Low Income Persons and Families, the full amount of the taxes that would be paid on those units of the Housing Development if the Housing Development were not tax exempt shall be added to the annual service charge in lieu of taxes.
- (g) Contractual Effect of Section. Notwithstanding the provisions of Section 15(a) (5) of the Act to the contrary, and subject to the terms of this section, including but not limited to subsection (j), this section

constitutes a contract between the City and the Sponsor to provide an exemption from ad valorem property taxes and to accept the payment of an annual service charge in lieu of such taxes, as previously described in this section. It is expressly recognized that the Authority and HUD are third party beneficiaries to this section.

- (h) **Payment of Annual Service Charge.** The annual service charge in lieu of taxes shall be payable to the City in the same manner as ad valorem property taxes are payable to the City and distributed to the several units levying the general property tax in the same proportion as paid with the general property tax in the previous calendar year. The annual payment shall be paid on or before May 1 of each year for the previous calendar year. Collection procedures shall be in accordance with the provisions of the General Property Tax Act (1893 PA 206, as amended; MCL 211.11, et seq.).
- (i) **Duration.** This section shall remain in effect and shall not terminate for so long as the Housing Development remains subject to a Mortgage Loan and so long as the Housing Development submits the required annual notification of exemption pursuant to MCL 125.1415a(1), as amended. The term of this section shall commence upon the issuance of the Notification to Local Assessor of Exemption as issued by the Authority.
- (j) **Filing of Annual Audit.** The Sponsor, or its successor, shall file a copy of any and all annual audits required to be provided to the federal government, the State of Michigan, and/or the Authority simultaneously with the City. The audit shall include detail with respect to occupancy of the Housing Development, Contract Rents received from the Housing Development, and the cost for Utilities during the audit period.

Section 2. Effective Date. This Ordinance shall be published within 10 days of its enactment on March 05, 2019, and it shall take effect 15 days after its enactment, as provided in the City Charter.

6. Council considered amendments to the City's Investment Policy.

Councilperson Lehman MOVED: To approve the proposed amendments to the City's Investment Policy as presented. Councilperson Warner seconded. Unanimously adopted.

Councilperson Cunliffe MOVED: The meeting be adjourned. Councilperson Warner seconded. Unanimously adopted.

Meeting adjourned at 8:04 p.m.

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John M. Hoppough  
Mayor

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Norice Rasmussen  
Clerk-Treasurer