



TAX INCREMENT FINANCE AUTHORITY BOARD

Thursday, December 7, 2023

1. Call to Order - **6:00 P.M.** – Petoskey City Hall, Community Room
2. Approval of Minutes - Minutes of Monday, May 22, 2023 Meeting
2. Approval of Agenda
3. New Business -
 - a. Budget Overview
 - b. CIP Presentation
 - c. TIFA Project Update
 - a. Sunset Park
 - b. Resource Center
 - d. Code of Ethics Policy
4. Miscellaneous
5. Adjournment



TAX INCREMENT FINANCE AUTHORITY BOARD

Monday, May 22, 2023

A meeting of the City of Petoskey Tax Increment Finance Authority Board was held in the City Hall Community Room on Monday, May 22, 2023. Meeting was called to order at 6:00 P.M. and the following were:

Present: Gary Hunter, Chairperson
Linda Bade
Nan Casey
Diana Harrold
George Robson
Clark Smith

Absent with Notification: Carla Crockett

Staff: Kendall Klingelsmith, Parks and Recreation Director

APPROVAL OF MINUTES

Minutes of the Thursday, December 8, 2022 meeting were approved. Motion for approval was made by Linda Bade, seconded by Gary Hunter, with all members present voting aye.

YEAS: Bade, Casey, Harrold, Hunter, Robson, Smith (6)

NAYS: (0)

APPROVAL OF AGENDA

Motion for approval of the agenda as presented was made by Chairperson Hunter, seconded by Board member Casey, with all members present voting aye.

YEAS: Bade, Casey, Harrold, Hunter, Robson, Smith (6)

NAYS: (0)

NEW BUSINESS:

TIFA Update

Director Klingelsmith reviewed what the TIFA fund is and how it works. The money in the fund can only be used for purposes defined in the TIFA Plan. The fund cannot be used for personnel or routine maintenance unlike the general fund. The funds captured into the account are not an additional tax, rather a percentage of already taxed property. When TIFA items are discussed for approval, it is important to remember the purpose of the dedicated fund.

Clock tower project is completed. The clock tower was originally scheduled for lighting upgrade and maintenance however when the canisters were removed, they were not repairable due to the condition of the fiberglass. They were rebuilt with rolled aluminum walls and all new motors and remote control.

Solanus Mission Beach project was completed last fall. Director Klingelsmith encouraged the board to enjoy the benefits of the project!

Arboretum project was delayed as a grant opportunity was identified to include a livable shoreline. The area was identified as a project to be funded to 90% with design and engineering plans by the Great Lakes Restoration Initiative. Plans for 2024 will include relocating the trail inland and completed with 10' wide concrete and conversion to an interpretive pollinator and birding park.

Marina Fuel Tank, while not a TIFA project, did occur in the district. Director Klingelsmith discussed the improvement and timeline.

MISCELLANEOUS

No comments.

ADJOURNMENT

There being no further business to come before the TIFA Board, the meeting was adjourned at 6:25 P.M. Motion for adjournment was made by Linda Bade, seconded by Gary Hunter, with all members present voting aye.

YEAS: Bade, Casey, Harrold, Hunter, Robson, Smith (6)

NAYS: (0)

The next regular scheduled meeting of the Tax Increment Finance Authority Board will be held in the fall of 2023. A date will be decided in late summer 2023.

Minutes reviewed and approved by Kendall Klingelsmith, Director of Parks and Recreation.



BOARD: Tax Increment Finance Authority Board

MEETING DATE: December 7, 2023 **DATE PREPARED:** November 30, 2023

AGENDA SUBJECT: Capital Improvements Plan

RECOMMENDATION: Information only

City Council passed the 2024-2029 Capital Improvements Plan (CIP) at their October 2nd meeting. Staff will briefly go over the upcoming projects and plans associated with the CIP.

Enclosure



BOARD: Tax Increment Finance Authority Board

MEETING DATE: December 7, 2023

DATE PREPARED: November 30, 2023

AGENDA SUBJECT: TIFA History and 2024 Proposed Budget

RECOMMENDATION: Hear Report

History. On May 20, 1985, Petoskey City Council authorized the Tax Increment Financing Plan, Development Plan as proposed by the City of Petoskey Tax Increment Finance Authority Board dated April 12, 1985 for the Little Traverse Bay Waterfront and Bear River Valley Development Program.

The TIFA Act: the intended purpose of Act 450, Public Acts of Michigan, 1980 approved by the Governor, January 15, 1981, and commonly referred to as the Tax Increment Authority Act, is stated in the Acts preamble. An Act to prevent urban deterioration and encourage economic development and activity and to encourage neighborhood revitalization and historic preservation; to provide for the establishment of tax increment finance authorities and to prescribe their powers and duties; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and implementation of development plans; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to permit the issuance of bonds and other evidences of indebtedness by an authority; to permit the use of tax increment financing.

Define Tax Increment: Tax increment financing results from “capturing” of tax revenues by the authority, which are derived from private development that occurs in the development area in excess of the valuations that were in place at the time that the tax increment-financing plan was adopted.

Development Plan for District: Same as the Boundary of Authority. Plan listed projects are divided into project areas.

- Project Area I – Magnus Park – upper and lower.
- Project Area II – Solanus Beach Area (West Bayfront Park)
- Project Area III – Bayfront Park
- Project Area IV – Bear River Valley

TIFA funded projects between 1985 and 2004 were concentrated in Bayfront Park Project Area III, development within Project Areas I, II and IV were limited or not undertaken during this time period and remain to be funded and developed.

TIFA Plan Extension: In 2004, City Council, at the request of the TIFA Board and Parks and Recreation Commission, agreed to lift the planned June 30, 2004 expiration date of the Tax Increment Finance Authority District with City Council having the ability to abolish the program either at a certain date or when the City Council determined that the purpose for which the program had been established had been completed, provided that funds would be sufficient to satisfy requirements associated with any debt obligations. Consideration of projects, which now could be more detailed for project areas other than Bayfront Park, later could be considered by the Tax Increment Finance Authority Board with its recommendations presented to City Council. In 2010,

Bear River Valley improvements were undertaken and completed in 2011. City issued bonds to finance the project are to be repaid by the TIFA District by 2029.

TIFA Revenue/Expense

Debt Obligation as of December 31, 2024	\$1,211,915
Bond Matures April 1, 2029	
<u>Revenue 2024:</u>	
Property Tax	\$ 564,000
Interest Income	<u>\$ 7,000</u>
Total	571,000
<u>Expense 2024</u>	
Lease Rental to Debt Service (Bond Payment)	\$ 246,400*
Bond Discount Fee	\$ (10,400)
Contracted Services	<u>\$ 445,000</u>
Total	\$ 681,000
<u>Projects</u>	
Sunset Park	\$ 400,000
Resource Center Landscaping	\$ 25,000
Consultant Fees	<u>\$ 20,000</u>
	\$ 445,000
Excess of Revenues over Expenditures	\$ (110,000)
Fund Balance	\$ 1,127,933

*Annual bond payments vary by fee schedule. Bond matures in 2029.

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