

RULES OF PROCEDURE  
OF THE CITY OF HILLSDALE  
TAX INCREMENT FINANCE AUTHORITY  
(Formed in accordance with the  
TAX INCREMENT FINANCE AUTHORITY ACT,  
MCL 125.1801. et seq. )

1. PURPOSE

The purpose of the Rules of Procedure is to establish the procedures to be followed by the City of Hillsdale Tax Increment Finance Authority ("TIFA") which are intended to supplement the procedures specified in the Tax Increment Finance Authority Act (the "ACT"). If there is a conflict between these Rules of Procedure and the ACT, the ACT will control.

2. GENERAL POWERS

The business, property and affairs of the TIFA shall be managed by the members of the Board of the City of Hillsdale Tax Increment Finance Authority ("Board"). The Board may exercise any and all of the powers granted to it under the Michigan Public Act No 450 of 1980, as amended. The Board may delegate such powers to the officers and committees of the Board as it deems necessary or advisable, so long as such delegation is consistent with the ACT and these Rules of Procedure.

3. MEMBERS OF BOARD AND TERM

There shall be not less than 7 or more than 13 members appointed to the Board by the Hillsdale City Mayor, subject to the approval of the Hillsdale City Council ("Council"). A member shall hold office for four (4) years and until the appointment of a successor. The regular term of a Board member shall commence July 1<sup>st</sup>. A member appointed to the unexpired term of a departing member shall serve until the expiration of the departing member's term and until the appointment of a successor.

4. REMOVAL OF MEMBER

A member may be removed by the Council for cause, after notice and an opportunity to be heard. A member who does not attend three consecutive Board meetings, without good cause, may be referred to the Council for possible removal from the Board.

5. RESIGNATION OF MEMBER

A member may resign at any time by giving written notice to the Council and a copy of the notice to the Secretary of the Board. The resignation is effective when accepted by the Council and a successor appointed.

6. COMPENSATION

A member shall serve as a volunteer member, without compensation. By resolution of the Board, members may be reimbursed for actual and necessary expenses incident to their duties. With prior approval of the Board, educational expenses for a member, which are reasonably related to TIFA activities may be reimbursed.

7. OFFICERS

- A. The members of the Board at the first meeting of the Board, on or after July first of each year, shall elect a Chairperson. The Chairperson shall hold office until a successor is elected. The Chairperson shall preside at all meetings and perform such duties as set forth in the ACT, these Rules of Procedure and such other duties as may be properly delegated by the Board.
- B. The members of the Board, at the first meeting of the Board, on or after July first of each year, may elect a Vice-Chairperson. The Vice-Chairperson shall serve as the Chairperson in the Chairperson's absence.
- C. The members of the Board, at the first meeting of the Board on or after July first of each year, shall either elect as Treasurer a person who is a member of the Board or may appoint or employ a person to be the Treasurer who is not a member of the Board. The Treasurer shall keep the financial records of the Authority and shall approve all vouchers for the expenditure of funds of the Authority. The Treasurer shall perform such other duties as may be delegated by the Board and shall furnish bond in an amount as prescribed by the Board. A Treasurer who is appointed or employed shall serve at the pleasure of the Board.
- D. The members of the Board, at the first meeting of the Board on or after July first of each year, shall either elect as Secretary a person who is a member of the Board or may appoint or employ a person to be the Secretary who is not a member of the Board. The Secretary shall maintain custody of the official seal, if any, and of records, books, documents, or other papers not required to be maintained by the Treasurer. The Secretary shall perform such other duties as may be delegated by the Board. A Secretary who is appointed or employed shall serve at the pleasure of the Board.
- E. The term of office shall be for one year and until a successor is chosen. Except in the case of an appointed or employed Treasurer and/or Secretary for which the term shall be for one year unless terminated by the Board sooner.
- F. Any officer elected by the Board may be removed from office, with or without cause, by a majority vote of the members then in office.
- G. A vacancy in any office shall be filled by election of a replacement by the Board, who shall serve the unexpired portion of the term and a successor is elected.

8. REGULAR MEETINGS  
Regular meetings shall be held at least quarterly at a day and time to be determined by the Board. All meetings shall comply with the Open Meetings Act.
9. SPECIAL MEETINGS  
Special meetings may be called by the Chairperson or by any two of the members of the Board and shall be held at a reasonable time. All meetings shall comply with the Open Meetings Act.
10. PLACE OF MEETING  
Regular and Special meetings shall be held at the place where the Council meets or at such other place as the Board may determine.
11. TIME OF MEETINGS  
Meetings shall be held at such reasonable time as the Chairperson or the Board may determine.
12. FISCAL YEAR  
The fiscal year shall start July first of each year.
13. NOTICES  
Notice of any meeting shall be in accordance with the Open Meetings Act.
14. QUORUM  
A majority of the members of the Board then in office shall constitute a quorum. If less than a majority is present at a meeting, a majority of the members present may adjourn the meeting and reschedule.
15. COMMITTEES.  
The Board, by resolution, may establish one or more committees, to act in accordance with the resolution. The Chairperson shall appoint the committee member or members. Committee members shall serve until the end of the fiscal year for which appointed. All committee meetings shall at all times be in compliance with the Open Meetings Act. The committees shall make such reports to the Board of its activities as the Board may request.
16. CONTRACTS  
The Board may authorize any officer or officers, agent or agents, to enter into any contract, to execute and deliver any instrument, or to acknowledge any instrument required by law to be acknowledged in the name of and on behalf of the Authority. Such authority may be general or confined to specific instances, but the appointment of any person other than an officer to acknowledge an instrument required by law to be acknowledged should be made by instrument in writing. When the Board authorizes the execution of a contract or any other

instrument in the name of and on behalf of the TIFA, without specifying the executing officers, the Chairperson or Vice-Chairperson, and the Secretary or Treasurer may execute the same.

17. CONTRACTS BETWEEN TIFA AND RELATED PERSONS

Any member, officer or employee of the TIFA, who enters into a contract with TIFA that meets the definition of contract under the statute on Contracts of Public Servants with Public Entities, Act No.317 of the Public Acts of 1968, being sections 15.321 to 15.330 of the Michigan Compiled Laws, shall comply with the public disclosure requirements set forth in Section 3 of the statute.

18. SALE OR DISPOSAL OF PROPERTY

The Board shall adopt, by resolution, rules and procedures for public bidding and proposals relating to disposition of Real Property owned by the TIFA.

19. CHECKS, DRAFTS

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the TIFA, shall be signed by such officer or officers, agent or agents, of the Board and in such manner as shall from time to time be determined by resolution of the Board.

20. DEPOSITS

All funds of the TIFA shall be deposited from time to time to the credit of the TIFA in such banks, trust companies or other depositories as the Board may select, provided that such financial institution is eligible to be a depository of surplus funds under Section 5 or 6 of Act No.1 05 of the Public Acts of 1855, as amended, being sections 21.145 and 21.146 of the Michigan Compiled Laws.

21. LOANS

No loans shall be contracted on behalf of the TIFA and no indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

22. INDEMNIFICATION

Each person who is or was a member, officer or member of a committee of the Board, and each person who serves or has served at the request of the Board as an employee or agent of the TIFA, shall be indemnified by the TIFA to the fullest extent permitted by the laws of the State of Michigan as they may be in effect from time to time. The Board may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his status as such, whether or not the TIFA would have power to indemnify such person against such liability under the preceding sentence. The Board may, to the extent authorized from time to time, grant rights to indemnification to any employee or agent to the fullest extent

provided under the laws of the State of Michigan as they may be in effect from time to time.

23. AMENDMENTS

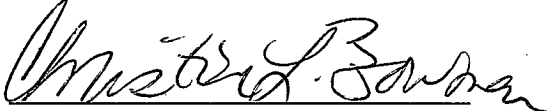
These Rules of Procedure may be amended or repealed and new Rules of Procedure may be adopted by the affirmative vote of a majority of the Board at any regular or special meeting, if a notice setting forth the terms of the proposal has been given to the members at least ten (10) days prior to the meeting. After approval by the Board, the amendments shall be submitted to the Council for approval. These Rules of Procedure and any amendments to them take effect only after approval by both the Board and by the Council.

24. EFFECTIVE DATE

These Rules of Procedure shall be effective upon approval by the Hillsdale City Council and shall replace all prior Rules of Procedure.

Adopted by the Board of the City of Hillsdale Tax Increment Finance Authority on

12/11/08, 2008.

  
Secretary

12/11/08