

**CITY OF PINCONNING
DOWNTOWN DEVELOPMENT AUTHORITY
DEVELOPMENT AREA
TAX INCREMENT FINANCING PLAN**

This amended Tax Increment Financing Plan for the City of Pinconning Downtown Development Authority Development Area is submitted in accordance with section 14 of the Downtown Development Authority Act, Act No. 197 P.A. of 1975, as amended (the "Act"), being section 125.1664 of the Michigan Compiled Laws.

This amended Tax Increment Plan is established to make possible the financing of the public improvements necessary or desirable to halt current and prevent future deterioration within the Development Area.

A. Development Plan:

The Development Plan for the Development Area, prepared in accordance with section 17 of the Act, is attached.

B. Detailed explanation of the tax increment procedure:

Tax increment financing is a procedure which allows newly created value within the Development Area to be captured by the DDA, rather than by other units of government which normally receive property tax revenues. It is not a raise in tax rates. It does not reduce the amount of revenue available to other units of government, but it does restrict the increase in revenue that those various governmental units receive if property values in the Development Area increase. At such time as the purposes of the Tax Increment Plan are accomplished, the plan may be abolished by the City, except that the Plan may not be abolished until the principal of, and interest on, any bonds issued pursuant to section 16 of the Act have been paid or funds sufficient to make the payments have been segregated. At such time as the Tax Increment Financing Plan is abolished, the tax increment revenues which have been captured by the Authority pursuant to this Plan will revert proportionately to all taxing jurisdictions which cover the Development Area.

The tax increment financing procedure as outlined in Act 197 requires the adoption by the City, by properly adopted ordinance, of a Development Plan and a Tax Increment Financing Plan. Following the adoption of that ordinance, the City

and County Treasurers are then required by law to transmit to the DDA that portion of the tax levy of all taxing bodies paid each year on the "Captured Assessed Value" of all eligible real and personal property located in the Development Area. The amounts so transmitted are hereinafter referred to as "Tax Increment Revenue." The "Captured Assessed Value" is defined as the amount in any year by which the current assessed value as equalized, of all eligible real property in the Development Area (including the assessed value that appears on the tax roll under Act 198 of Public Acts of 1974, as amended, Act 225 of Public Acts of 1978, as amended, Act 224 of Public Acts of 1985, or Act 438 of Public Acts of 1976, as amended), exceeds the assessed value, as equalized, of all eligible real property in the Development Area as determined on the assessment roll of the City then in effect on the date of the approval of the ordinance. The assessed value as of December 31, 1988 of all real property in the Development Area ("Initial Assessed Value") was determined to be \$4,561,850.

C. Creation of Base Year Assessment Roll:

Within sixty (60) days of the effective date of the ordinance adopting the plan, the City Assessor did prepare the initial amended Base Year Assessment Roll for the Development Area. The initial Base Year Assessment Roll listed each Taxing Jurisdiction in which the Development Area was located, the Initial Assessed Value of the Development Area on the effective date of the ordinance and the amount of tax revenue derived by each Taxing Jurisdiction from *ad valorem* taxes on the property in the Development Area. The Assessor has maintained those records since the adoption of the Ordinance. The City Assessor has transmitted copies of the initial Base Year Assessment Roll to the City Treasurer, County Treasurer, the DDA and each Taxing Jurisdiction, together with a notice that the assessment roll had been prepared in accordance with the Tax Increment Financing Plan, and the Development Plan, approved by the ordinance. From and after March 26, 1990, each Treasurer has pursuant to the Act transmitted the requisite tax increment revenue to the DDA for use by the DDA. The above procedure will be continued during the duration of this amended plan.

D. Preparation of Annual Base Year Assessment Roll:

Each year within fifteen (15) days following the final equalization of property in the Development Area, the Assessor has prepared an updated Base Year Assessment Roll. The updated Base Year Assessment Roll shows the information required in the initial Base Year Assessment Roll and, in addition, the Captured Assessed Value for that year. Copies of the annual Base Year Assessment Roll were transmitted by the Assessor to the same persons as the initial Base Year Assessment Roll, together with a notice that it was prepared in accordance with the Tax Increment Financing Plan and the Development Plan. The above procedure will be continued during the duration of this amended plan.

E. Establishment of Project Fund and Approval of Depository:

The Treasurer of the DDA established a separate fund which has been kept in a separate depository bank account or accounts in a bank or banks approved by the City Treasurer and designated Downtown Development Authority Fund. All monies in that fund and earnings thereon have been used in accordance with the original Tax Increment Financing Plan and the Development Plan and will continue to be used in accordance with this amended plan.

F. Payment of Tax Increment to Downtown Development Authority:

The City and County Treasurers have since the inception of the DDA and adoption of the plan by the City, as *ad valorem* taxes have been collected on the property in the Development Area, paid that proportion of the taxes, except for penalties and collection fees, that the Captured Assessed Value bears to the initial Assessed Value to the Treasurer of the DDA for deposit in the Project Fund, excluding millage specifically levied for the payment of principal and interest approved by electors or obligations pledging the unlimited taxing power of the particular local governmental authority. The payments have been made on or before the date or dates on which the City and County Treasurers were required to remit taxes to each of the taxing jurisdictions. The above procedure will be continued during the duration of this amended plan.

G. The Maximum Amount of Bonded Indebtedness to be Incurred:

When there becomes a need to incur bond indebtedness it will be done in accordance with section 19(2) of the Act. At this time it is not anticipated that bonds will be issued for any project.

H. Duration of the Program:

The duration of the program will be ten (10) years from the date of the adoption of the ordinance, unless amended after hearing and notice in accordance with section 19(2) of the Act to a shorter or longer period. The terms may be extended by amendment or modification of this Tax Increment Financing Plan and the Development Plan to incorporate future development activities within all or part of the Development Area.

I. Statutory Compliance:

This Plan will be administered in compliance with section 15 of the Act, being Section 125.665 of the Michigan Compiled Laws. That section includes, among others, requirements that:

- a) The Authority will expend the tax increments received for the Development Plan Fund only pursuant to this Tax Increment Financing Plan, and surplus funds will revert proportionately to the respective taxing bodies.
- b) The tax increments received by the Authority will not be used to circumvent existing tax limitations.
- c) The governing body of the City may abolish this Tax Increment Financing Plan when it finds that the purposes for which it was established have been accomplished; provided, however, that the Tax Increment Financing Plan may not be abolished until the principal of, and interest on, bonds, if any, issued pursuant to section 16 of the Act have been paid or funds sufficient to make payment have been properly segregated.
- d) Annually the Authority will submit to the governing body of the City, a report on the status of the tax increment financing account which report will include the information required by section 15(3)

of the Act and will be published in accordance with the requirements of that section.

J. Estimated Impact on the Assessed Values of All Taxing Jurisdictions in which the Development Area is Located:

The assessed value in the Development Area for the Base Year was determined to be \$4,561,850. The Plan will not reduce the assessed valuations of any of the taxing jurisdictions, as it captures only taxes on newly created property values. Inasmuch as the Development Plan is and was intended to provide for the orderly development of the Development Area, which should benefit areas not included within the Development Area as well, the long term impact on assessed valuations should and has been to arrest current deterioration of property within the Area and at least preserve, if not increase, the values of property both within and adjoining the Development Area. Consequently, the long-term impact is to benefit the effected taxing jurisdictions.

K. Portion of the Captured Assessed Value to be Used:

The estimated cost of the activities enumerated in the various development stages contemplated by the Development Plan has not yet been established. The tax increments generated within the Development Area pursuant to the Development Plan will be used to pay for all or a portion of these activities which may include:

- a) Payment of the administrative and operating costs of the DDA for the Development Area, including planning and promotion, to the extent provided in the annual budget approved by the City of Pinconning.
- b) Payment, to the extent deemed desirable or necessary by the DDA as determined by its inclusion in its annual budget, of any studies contemplated by the Development Plan.
- c) Payment, to the extent deemed desirable or necessary by the DDA as determined by its inclusion in its annual budget, of the cost of the public improvements contemplated by the Development Plan to the extent those improvements are not financed by the participation of

- the Federal and State governments.
- d) Payment, to the extent deemed desirable or necessary by the DDA as determined by its inclusion in its annual budget, of any additional improvements in the Development Area.
 - e) Reimbursement to other units of government for services performed in the furtherance of the Development Plan on an actual cost basis, including overhead.

The Plan contemplates the use of the entire Captured Assessed Value by the Authority in accordance with section 19(2) of the DDA Act.

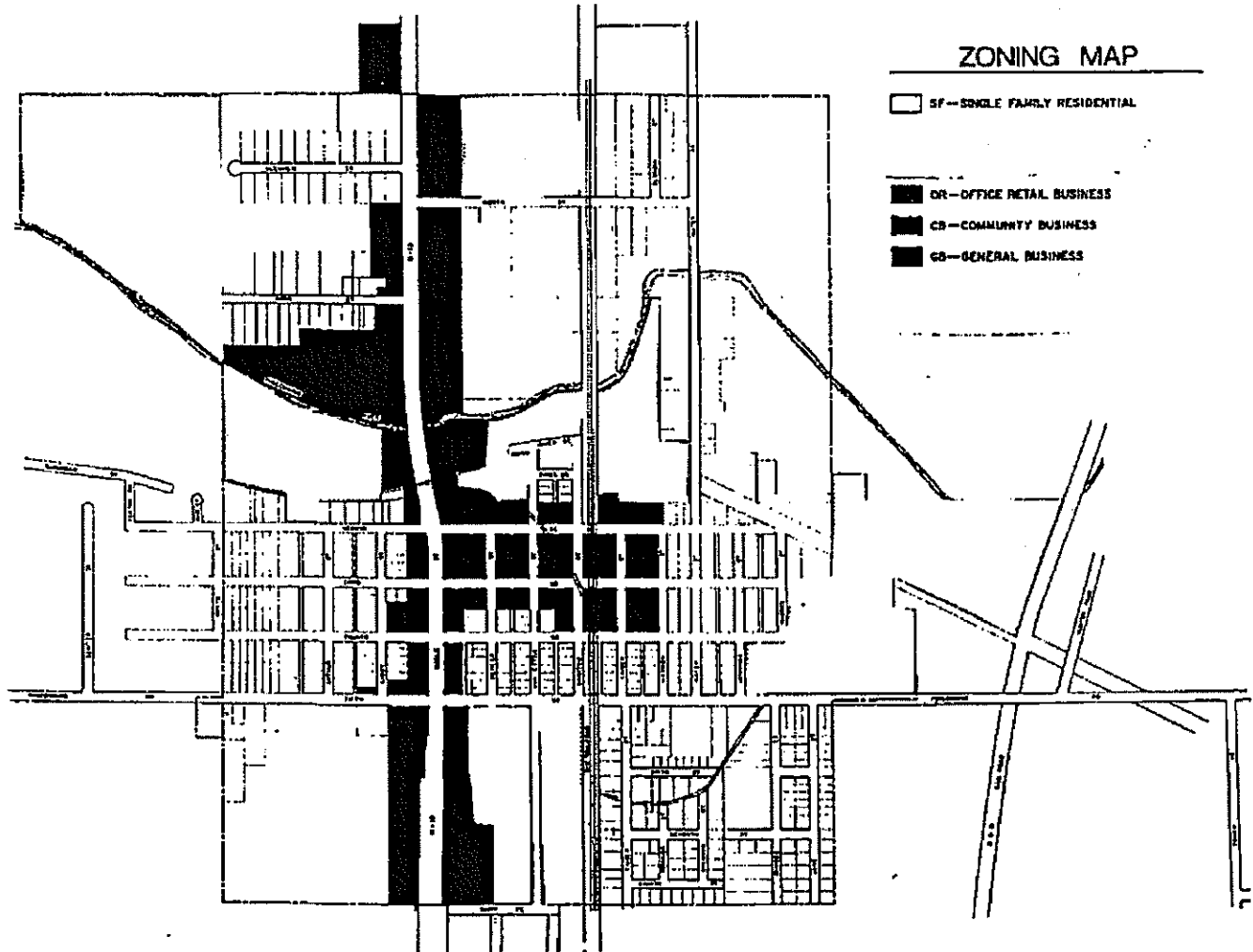
Its Chairman

Date:

Its Secretary

Date:

Exhibit A




Impact
 Improved Planning Action
 1000 Lakeshore Drive, #1100
 Grand Rapids, MI 49503
 616-233-2222

CITY OF PINCONNING
BAY COUNTY, MICHIGAN

Legend:
 - - - - - Dashed Line
 --- --- --- Dotted Line
 - - - - - Dash-dot Line
 - - - - - Long Dash Line




Exhibit B