

DOWNTOWN DEVELOPMENT AUTHORITY

OF THE

CHARTER TOWNSHIP OF BLACKMAN

AMENDED AND RESTATED

DEVELOPMENT AND TAX INCREMENT
FINANCE PLAN

AMENDMENT #3

Approved by the Township Board
Of the Charter Township of Blackman
On xx/xx/2007

Current as of 9/11/07

(This restated plan includes the original plan document
Approved by the Township Board in 1988
and the First Amendment dated May 17, 1993,
the Second Amendment dated January 9th 2006 as well as
information contained in the Third Amendments.
The Third Amendments are set forth on the pages
immediately following this cover page, followed by the
Second Amendments, then the First Amendments,
Followed by the original plan.)

2007 Amendment to the Development and Tax Increment Financing Plan
(Amendment #3)

I. Introduction

The Downtown Development Authority of the Charter Township of Blackman (The Authority) was created by Ordinance No. 55 of the Blackman Charter Township (The Township) Board on November 21, 1988. The Authority thereafter prepared a Development and Tax Increment Financing Plan #1 (The Plan) pursuant to Act 197, Public Acts of Michigan 1975 as amended (Act 197), in order to encourage and assist development in the development area (specifically the area southwest of the I-94-Airport Road interchange) described in the Plan, and to finance certain public improvements proposed in connection with the anticipated development in the designated development area.

The anticipated development did not materialize as expected and in 1990 the Township Board acted to dissolve the Authority because it had no plans at that time to collect tax increment revenues for property in the designated development area.

In 1993, new plans for development of the area originally targeted for development were presented to the Township, and the Township Board concluded that certain public improvements – in particular the construction and installation of additional water storage and pumping capacity as well as “looping” of water transmission lines in the area - were necessary in order to facilitate the proposed development.

The Township Board thereafter reinstated the Authority by an ordinance adopted on May 3, 1993. The Downtown District boundaries were expanded at that time (Exhibit A hereto) to include a portion of Scheele Industrial Park northeast of the I-94/Airport Road interchange and to add several parcels of land adjacent to Meijer Thrifty Acres property that had not been included in the original downtown area. The Downtown District boundaries were also extended south on Airport Road to the point where the proposed water line extension would connect with an existing water line on Argyle Road.

The expanded commercial area required additional water and increased water pressure beyond the capacity that the township’s water system could then supply. Improvements to the Township’s water system to provide increased capacity and pressure have been part of the Township’s master plan for some time, but the Township had been unable to finance the needed improvements. The proposed development therefore presented the Township with an urgent need for water system improvements, while at the same time providing it with a means of financing the improvements through the issuance of bonds to be paid through tax increment revenues captured as a result of the development.

The 1993 Amendment to the Development and Tax Increment Financing Plan #1 described the proposed public improvements, the means of financing the public improvements and the impact of the taxing jurisdictions of these efforts. Rather than passing an entirely new development and tax increment financing plan, the Authority and the Township amended the original plan. The

Authority also used the 1992 State Equalized Value (or equivalent equalized valuation in the case of property subject to tax abatement) as the base i.e. “initial assessed valuation” for determining the “captured assessed valuation” and “tax increment revenues”. The tax dollars derived from the development during the period from 1988 to 1992 continues to flow to the taxing jurisdictions.

In 2004, the Authority determined that their central commercial district was larger than the area designated as the Authority’s boundary, and that significant property within this extended area was vacant, and not on the tax rolls, being owned by Jackson County, which desired to have it developed. In addition, several properties within this larger commercial district were vacant. In an effort to halt declining property value, increase property tax valuation in this larger business district, eliminate the cause of deterioration and promote economic growth, the Authority decided to expand the Authority boundary, and improve the health and economic vitality of it’s downtown area by installing sidewalks along Springport Road to the North of the expanded boundary and a combination of sidewalk and bike path along Boardman Road to the South of the expanded boundary, and continue the sidewalk/bike path around O’Neill Drive. The Authority also anticipates the creation of an access drive into the property north of I-94 and will consider bonding to accomplish these objectives. The DDA has decided to again amend their Project Plan and TIF Plan to provide the DDA with the ability to use public funds to invest in infrastructure to facilitate development. This amendment will provide a concise description of the specific public improvements contemplated by the Authority and the Township at this time, as well as the specific means of financing these improvements.

This Downtown Development Authority boundary was expanded to the east of the current eastern boundary with a northern border of Springport Road, an eastern border of U.S. 127, and a southern border of the parcels along Boardman Road, back to the original Authority western boundary.

The DDA expects to invest in the bike paths and sidewalks anticipated in the last amendment to the Project Plan and TIF Plan, and in fact, has already installed sidewalks along O’Neill Dr. The sidewalk along Springport Road was completed in the spring of 2007. In addition to those improvements anticipated in the last Amended TIF Plan, the DDA would like to have the ability to cover other costs, specifically a four lane access road, between Airport Road and Springport Road (the last amendment anticipated a two-lane road), relocating the Hurd Marvin Drain and the Charmin Highland Drains, extending the water main into the development area, adding sidewalks along Airport and Boardman Roads, and the Phase II feasibility study for a community convention center.

This Amendment will be considered Amendment #3 and in this amendment, references are made to the corresponding headings in the original plan. However, only information that is directly related to the proposed public improvements and their financing has been included in this amendment. The Amendment should be read in conjunction with the original Plan, Amendment #1, and Amendment #2.

II. Development Plan #1

Boundaries of the District and the Development Area. The boundaries of the amended Authority are shown in Exhibit B and described in Exhibit C. These boundaries are those described in Amendment #2. The Downtown District is the area in which the Authority exercises its jurisdiction.

The development area is the area within a downtown district that contains the properties from which the tax increment revenues are captured and or in relation to which the public improvements are made. The Development Area established by this amendment and the ordinance of the Township approving this amendment is the same area as the Authority's District. (Exhibit B and the description, Exhibit C).

Existing Land Use. For the most part, the land use in the expanded district is zoned and used for commercial purposes. There is, however, a residential neighborhood within the expanded district, consisting of over 100 residents, which requires that a resident be appointed to the Authority Board, and a Development Area Citizen's Council formed of residents according to Sec. 4 (1) and Sec. 21 (1) of P.A. 197 of 1975. Despite repeated efforts to notify residents of the anticipated DDA expansion, there were not nine residents willing to form a citizen's advisory committee. A resident was named to the DDA Board, and meetings were held to inform residents of the intent of the DDA. Subsequent to the Public Hearing to discuss the issue, held on July 5, 2005 and the first and second readings of the Ordinance amending the DDA District, enough residents of the district asked to be appointed to a citizen's advisory committee. Subsequently, the citizen's advisory committee met on November 8, 2005 to discuss and provide recommendations and comments regarding Amendment #2 prior to the final approval by the Blackman Charter Township Board on January 9, 2006. The citizen's advisory committee did not provide any recommendations in writing. The citizen's advisory committee met on June 20, 2006 to discuss the proposed Amendment #3, which subsequently was not amended (minutes attached). The citizen's advisory committee met on March 13, 2007 regarding Amendment #3. The committee appointed Officers and established the rules for the committee. Motion by Youngdahl to accept the TIF Plan Amendment #3 with no objections. Supported by Scott. Motion approved by roll call vote (minutes attached).

Description of Demolition, Repair or Alteration. No change from original Plan, or Amended Plan #1 or #2 expected.

Improvements – Construction. The proposed improvements consist of design and construction of a sidewalk along Airport Road, a four-lane access road connecting Airport Road and Springport Road through the property, relocation of the Hurd Marvin and Charmin Highland Drains, and the extension of municipal water main into the development area.

The following is a breakdown of the costs of design and construction of the public improvements:

Drain relocation (Hurd Marvin and Chatrmin Highland Drains)

Grading/Erosion Control	\$463,750
Total Estimated Cost	\$463,750

Proposed 2-Lane Doney Road

Demolition	\$21,000
Water Main	\$157,000
Storm Sewer	\$211,500
Grading/Erosion Control	\$105,500
Paving	\$269,400
Miscellaneous	\$3,500
Total Estimated Cost	\$767,900

Proposed access drive north of I-94 (McClain Drive)

Southbound Left Turn Lane on Airport Road	\$200,200
Demolition	\$100,000
Water Main	\$531,500
Storm Sewer	\$584,816
Grading/Erosion Control	\$725,163
Paving	\$1,366,605
Miscellaneous	\$374,100
Total Estimated Cost	\$3,882,384

Meijer Work

Demolition	\$100,000
Water Main	\$15,000
Storm Sewer	\$35,000
Grading/Erosion Control	\$44,000
Paving	\$88,500
Miscellaneous	\$42,500
Total Estimated Cost	\$325,000

Roundabout

Demolition	\$55,770
Storm Sewer	\$34,768
Grading/Erosion Control	\$46,345
Paving	\$215,000
Miscellaneous	\$22,800
Total Estimated Cost	\$374,683

Subtotal-Site Improvements **\$5,813,717**

Engineering Fees (6%)	\$348,823
Inspection/Testing Fees (2.5%)	\$145,343
15% Contingency	\$872,057

TOTAL Project Cost **\$7,179,940**

Lighting along Access Drive

25 streetlights	\$100,000
Electrical wiring	\$25,000
Total Estimated Cost	\$125,000

Watermain extension

12" Watermain (6,300 l.f.)	\$315,000
Contingency and Engineering	\$94,500
Total Estimated Cost	\$409,500

Land Acquisition Costs

Total Estimated Cost	\$300,000
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SUBTOTAL: **\$8,014,440**

Proposed Boardman Road Sidewalk (Airport Road to Maynard Road)

10' wide bituminous Pathway	\$28,900
Saw cut concrete curbs	\$100
Granular Fill	\$30,000
Topsoil, seed & mulch	\$5,200
Subtotal Construction Costs	\$64,200
Contingency	\$9,630
Engineering & surveying	\$6,420
Total Estimated Cost	\$80,250

Proposed Boardman Road Sidewalk (Maynard Road to Wisner Street)

5' wide concrete sidewalk	\$45,000
Saw cut concrete curbs	\$1,300
Topsoil, seed & mulch	\$5,000
Subtotal Construction Costs	\$51,300
Contingency	\$7,695
Engineering & surveying	\$5,130
Total Estimated Cost	\$64,125

Conference Center feasibility study

Phase II study	\$5,000
Total Estimated Cost	\$5,000

GRAND TOTAL **\$8,163,815**

Timeframe for completion of projects: The DDA anticipates the projects listed above to be completed within 5 years.

Open Space. The only change from original Plan, Plan Amendment #1 or #2 would be the anticipated development of the vacant county-owned property in the expanded DDA boundary.

Area to be Sold, Donated, Exchanged or Leased by DDA. No change from original Plan or Plan Amendment #1 or #2.

Changes in Zoning and Existing Infrastructure.

The property currently has multiple zoning, ranging from Multiple Family Residential to Planned Commercial. Portions of the property that are expected to be developed are currently zoned Suburban Residential, including the vacant county-owned property. This property in particular would need to be rezoned commercial in part to receive Federal Aviation Administration release, but in general, the other property will be used as it is currently zoned.

Cost of Development – Method of Financing. The total cost of public improvements anticipated in this amendment is estimated to be **\$8,163,815**. Incomplete construction from the previous TIF Plan Amendment for sidewalks and bike paths is \$28,479.60. Outstanding Principal from 1993 bond (\$690,000), as described on Exhibit Y, is \$365,000, after the May 1, 2007 bond payment. The total of Principal and Interest payments over the life of the Bond is \$509,522.59. These Principal and Interest payments are made from school tax capture in the DDA. New bond payments will only be made from local tax capture following passage of Proposal A. The total maximum new indebtedness will not exceed \$3,800,000. In the case of new bonds, future tax increment revenue will be pledged to make payment obligations. The DDA may expend up to a maximum of our tax capturing ability.

Development to be Leased; Procedures for Bidding for Leasing. No land or buildings will be leased. The side walks and bike paths will be owned by the respective property owners, but it is anticipated that initially a commitment will be made to cover snow removal and maintenance in exchange for low or free easements for the sidewalks or bike paths.

Displacement of Residents. No persons will be displaced as a result of the development.

Jobs Formed. The proposed developer has indicated that at least 600 jobs are expected to be created by this development over five years.

III. Tax Increment Financing Plan

Tax Increment Procedure. The Discussion of Tax Increment procedure in the original Plan remains generally applicable. The estimated Assessed Value, Captured Assessed Value and Tax Increment Revenue figures are set below.

Maximum Indebtedness and Duration of Plan. The previous amendment to the Tax Increment Financing Plan allowed for a maximum indebtedness of \$2,000,000 and duration of thirty years, or until 2022. In anticipation of a potential bond to fund roadwork, this amendment changes the maximum indebtedness and duration of the Plan. Under the 1993 amendment, the DDA bonded \$690,000 for the purposes described in that amendment. Principal and Interest payments are scheduled until May 1, 2013. The 2005 Amendment raised this maximum level to \$3,000,000 anticipating a two-lane road connecting Springport Rd. and Airport Rd. This amendment will increase the total maximum new indebtedness by \$3,800,000 and extend the life of the Plan until the proposed bond is paid off, which is expected to be 2027 for a 20-year bond. The DDA may expend up to a maximum of our tax capturing ability.

Estimated Impact on all Jurisdictions.

Tax increment revenues are derived from the application of annual millage rates to captured assessed valuation (i.e. the state equalized valuation of property in the development area as determined annually, the “current assessed valuation” minus the initial assessed valuation). The initial assessed valuation, using the 1992 SEV for the development area, is \$6,456,902.

Moreover, the tax increment revenues are derived only from property in the Development Area. The Plan does not have any direct impact on assessed values outside the Development Area. The taxing jurisdictions continue to collect taxes annually based on the application of their millages to the initial assessed valuation of the Development Area and to the taxable value of the real and personal property located outside the Development Area without regard to this Plan.

The impact of the assessed values of property in the Development Area can be estimated by identifying the captured assessed valuation required to produce sufficient tax increment to pay (a) debt service on existing bonds issued to finance the public improvements mentioned in the 1993 amendment, (b) the costs associated with the public infrastructure improvements described above, and (c) administrative expenses for annual reports and audits and similar fees. Under Act 197 and this Plan, tax increment revenues in excess of the amounts required to pay the costs of the development program described in this Plan are returned to the taxing jurisdictions.

The impact of this Plan, as amended, on the taxing jurisdictions is further seen in Table X.