

DEVELOPMENT PLAN

WILLIAMSTON TAX INCREMENT FINANCING
DISTRICT No. 28

Created Under
Public Act 450 of 1986

PREPARED BY THE CITY OF WILLIAMSTON
November 1986

I. EXPLANATION OF THE TAX INCREMENT FINANCING PROCEDURE

Tax increment financing is a procedure allowed under PA 197 of 1975, the Downtown Development Act, and later through PA 450 of 1980, the Tax Increment Finance Authority Act. The process under both acts is essentially the same, the difference being that PA 197 limits establishment of a district to within the boundaries of the Downtown Development Authority, while PA 450 allows establishment of a district anywhere within the city limits. Tax increment financing is primarily a tool for cities to use in retaining and expanding their industrial job base, thereby helping to eliminate the results of urban deterioration, such as unemployment, declining tax base, and physical blight. This plan is prepared under the requirements of Act 450.

Tax Increment Financing allows a city to make public improvements, in a specific district, that are necessary to create and accommodate additional private development. The financing for these public improvements comes from the increase in property tax revenues, either by natural tax increases or generated by the new private development. The amount of tax increment revenue available to a district is determined by multiplying the total tax rate of the city by the captured assessed value. The captured assessed value is the amount by which the current assessed value differs from the initial assessed value existing on the tax rolls as of December 31 of the year preceding establishment of the tax increment financing district.

Public Act 450 requires that a city establish a Tax Increment Finance Authority (TIFA) to serve as the organization that is responsible for overseeing the planning and organization of the tax increment plan. If the city presently has an economic development corporation (EDC) or a downtown development authority already in place, the same members of that active development organization can serve as the board of the TIFA. For this development plan, the Williamston EDC will serve as the TIFA.

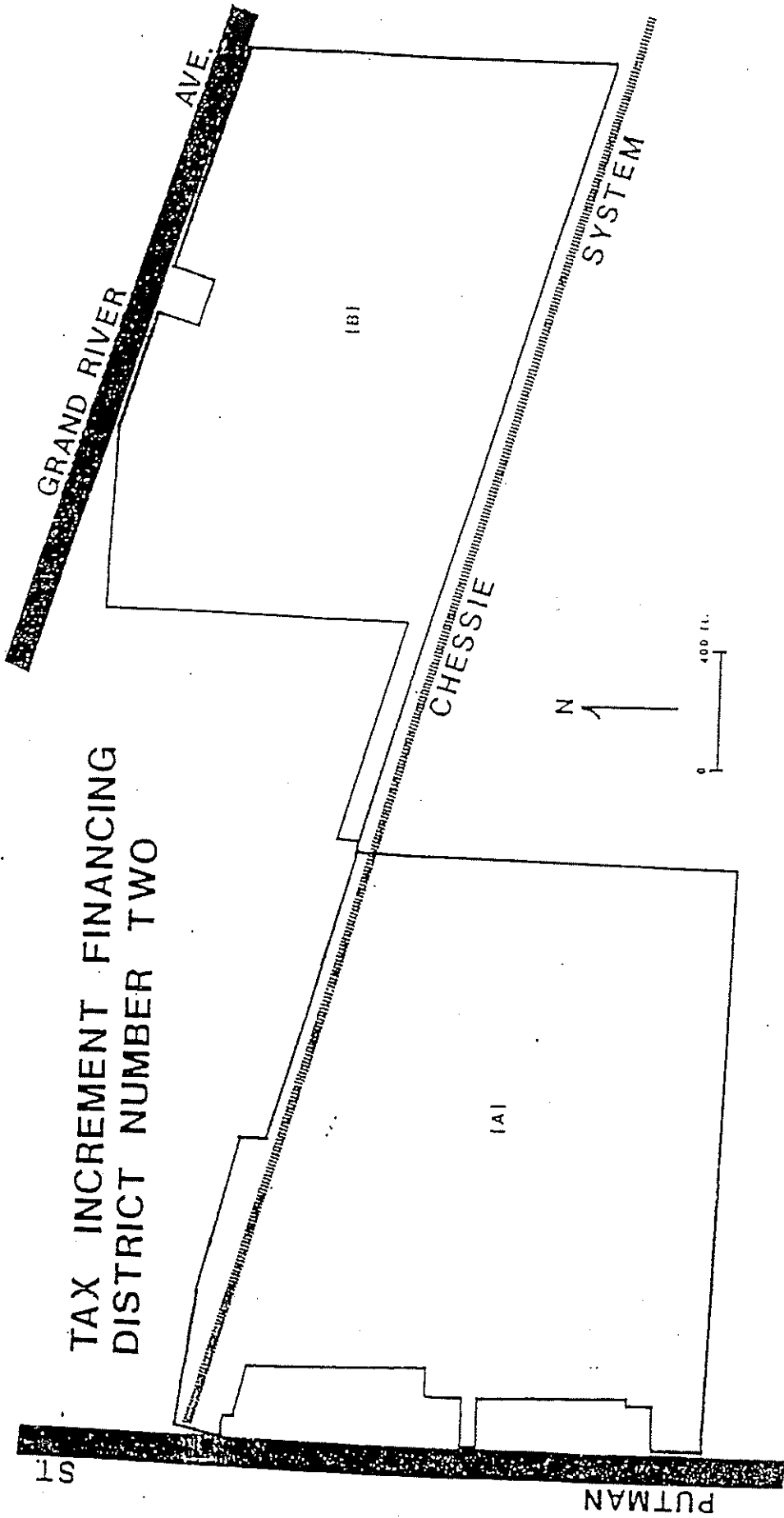
When a TIFA board decides to finance a project in a development area pursuant to Public Act 450, it shall prepare a development plan. The following plan has been prepared to meet this requirement of the Tax Increment Finance Authority Act.

II. DESIGNATION OF BOUNDARIES OF THE DEVELOPMENT AREA IN RELATION TO HIGHWAYS, STREETS, STREAMS OR OTHERWISE

The district shall include two sections, connected by the Chessie System (see map).
Section A of the district is bounded by the Chessie System

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TAX INCREMENT FINANCING
DISTRICT NUMBER TWO



to the north to Putman Street. The western boundary is private property. The southern and eastern boundaries are the city limits of Williamston. Section B of the district is bounded by the Chessie System to the south, private property to the east and west and Grand River Avenue along a major portion of the northern boundary.

III. THE LOCATION AND EXTENT OF EXISTING STREETS

- A. Streets within the development area are limited to M-43 (Grand River Avenue, Putman Street.)
- B. The development area has some public utilities (water, sanitary sewer, and storm drains) adjacent to its location. No schools, libraries, or hospitals exist within the development area.
- C. Existing land uses in the area include residential, commercial and industrial. A large portion of the development area is vacant.
- D. The legal description of the development area is as follows:

SEE EXHIBIT A-450

VI. A DESCRIPTION OF IMPROVEMENTS TO BE MADE IN THE DEVELOPMENT AREA, A DESCRIPTION OF ANY REPAIRS AND ALTERATIONS NECESSARY TO MAKE THOSE IMPROVEMENTS, AND AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION OF THE IMPROVEMENTS.

Public improvements to be made include the following in development area Section A:

- A. Acquisition of property within area designated.
- B. Construction of rail spur.
- C. Construction of industrial service road.
- D. Extension of water and sanitary sewer lines from Putman Street into development area.
- E. Construction of storm drain in development area.
- F. Building removal and dislocation plan.
- G. Site preparations.
- H. Fees--legal and plat.

VII. THE LOCATION, EXTENT, CHARACTER, AND ESTIMATED COST OF THE IMPROVEMENTS INCLUDING REHABILITATION CONTEMPLATED FOR THE DEVELOPMENT AREA AND AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION.

See Table 1 for cost estimates.

The estimated time required for completion is six months after construction begins.

VIII. A STATEMENT OF THE CONSTRUCTION OR STAGES OF CONSTRUCTION PLANNED AND THE ESTIMATED TIME OF COMPLETION OF EACH STAGE.

Phase I

The development of the southern portion of Section A will include land acquisition, construction of a service road, installation of public utilities and storm drain, and other preparation.

Phase II

The construction of a rail spur is proposed during this phase. It will include some land acquisition.

Phase III

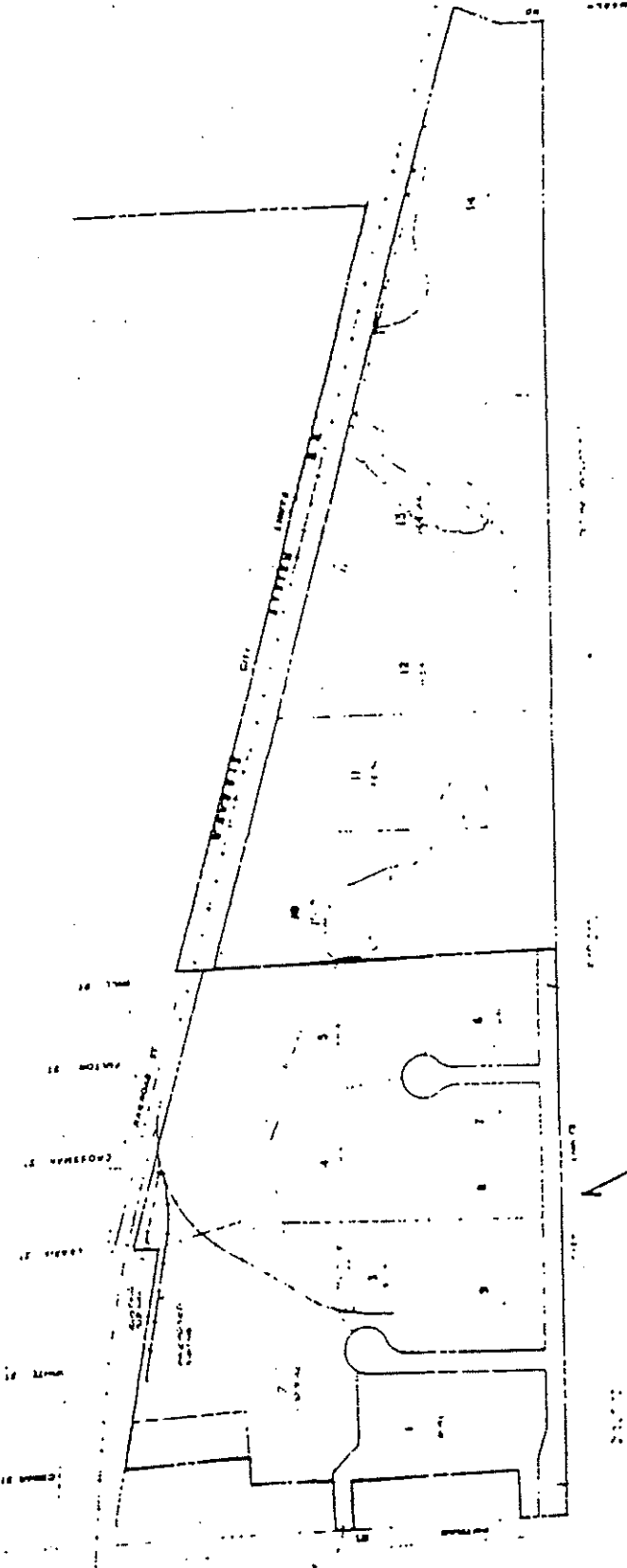
The final phase will include the development of the northeast corner of Section A. This will involve the relocation of one family.

Future time estimates will be made as development requires.

Table 1. Cost Estimates for Public Improvements

Projects	Costs
Acquisition of Property	\$290,000
Construction of Rail Spur (100')	40,000
Construction of Service Road (2,100')	210,000
Water Extension (1,700')	80,000
Sewer Extension (1,700')	200,000
Construction of Storm Drain (2,000')	70,000
Building Removal	10,000
Site Preparations	10,000
Fees: Legal, Plat, Engineering	40,000
Total Estimated Cost	\$950,000

WILLIAMSTON TIF DISTRICT #2



PROJECT AREA

IX. A DESCRIPTION OF ANY PARTS OF THE DEVELOPMENT AREA TO BE LEFT AS OPEN SPACE AND THE USE CONTEMPLATED FOR THE SPACE.

Section A will have a small lake and remain as open space. The lake is located in the northeast portion of Section A. The attached plat map indicates the location of the small lake. (100' right-of-way of Chessie System.)

X. A DESCRIPTION OF ANY PORTIONS OF THE DEVELOPMENT AREA WHICH THE AUTHORITY DESIRES TO SELL, DONATE, EXCHANGE, OR LEASE TO OR FROM THE MUNICIPALITY AND THE PROPOSED TERMS.

All industrial park streets' right-of-ways will be deeded to the city with provisions for the utilities. The streets platted within the industrial park area, namely Mill St., Leasia St., and Wallace St., will be donated to the authority. The authority will assist in the removal and relocation of the city maintenance building, storage and equipment.

XI. A DESCRIPTION OF DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS, AND UTILITIES.

The property in Section A will be required to be zoned industrial. A new street will be constructed from Putman to the development area.

XII. AN ESTIMATE OF THE COST OF THE DEVELOPMENT, A STATEMENT OF THE PROPOSED METHOD OF FINANCING THE DEVELOPMENT, AND THE ABILITY OF THE AUTHORITY TO ARRANGE THE FINANCING.

The cost for developing the property in Section A is estimated to be \$950,000. The Tax Increment Financing District #2 has an assessed value for 1986 of \$150,300. Estimated revenues for the next year could exceed \$100,000. The Tax Increment Financing Authority has the ability to borrow monies on these anticipated revenues. Financing for projects will be arranged through Peoples State Bank of Williamston.

XIII DESIGNATION OF THE PERSON OR PERSON, NATURAL OR CORPORATE, TO WHOM ALL OR A PORTION OF THE DEVELOPMENT IS TO BE LEASED, SOLD, OR CONVEYED AND FOR WHOSE BENEFIT THE PROJECT IS BEING UNDERTAKEN, IF THAT INFORMATION IS AVAILABLE TO THE AUTHORITY.

This information is not applicable to this plan at this time.

XIV. ESTIMATES OF THE NUMBER OF PERSONS RESIDING IN THE DEVELOPMENT AREA AND THE NUMBER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED.

A PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE DEVELOPMENT AREA.

PROVISION FOR THE COSTS OF RELOCATING PERSONS DISPLACED BY THE DEVELOPMENT AND FINANCIAL ASSISTANCE AND REIMBURSEMENT OF EXPENSES, INCLUDING LITIGATION EXPENSES AND EXPENSES INCIDENT TO THE TRANSFER OF TITLE, IN ACCORDANCE WITH THE STANDARDS AND PROVISIONS OF THE FEDERAL UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970, 42 USC 4601 TO 4655.

A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

There is one family (2 individuals) residing in the development area. Therefore, relocation of this family will be implemented in compliance with Public Act 227 of 1972.

XV. THE DURATION OF THE PROGRAM

The development program is scheduled for ten (10) years following the adoption of this plan.

XVI. ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON ALL TAXING JURISDICTIONS IN WHICH THE DEVELOPMENT AREA IS LOCATED.

Under a tax increment financing plan, the annual revenue generated in any given year is calculated by multiplying the captured assessed value by the total millage levied by all taxing jurisdictions. At the present time, the total millage levied is .74 mills.

Since the tax increment financing plan generates revenues only on the increased or captured assessed value above the initial or established State Equalized Value (SEV) each taxing jurisdiction will continue to levy taxes against the existing SEV of \$150,300. That SEV will be used for taxing purposes by the taxing authorities throughout the life of this tax increment plan adopted by the City of Williamston. Any increases in the SEV of the development area will be taxed at 74 mills. These will be revenues of the tax Increment Finance Authority, not of the taxing jurisdictions

in the development area.

Only the growth in tax base (the captured assessed value) in the development area is used to finance the development plan. The taxing units will continue to receive, then, the full tax levy on the tax base in existence at the adoption of this plan. In addition, any taxes generated by the captured assessed value beyond the amount required by the development plan are returned each year to the taxing units.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the captured assessed value which is created would not have occurred without the stimulation of the public investment involved in the plan implementation. Thus, the short-term investment made by the taxing units in foregoing part of the initial growth in tax revenues is repaid by the long-term growth in the area's commercial and industrial tax base. Additionally, the school district will be reimbursed by the State for their foregone revenues.

As a final point, the duration of this plan is limited. Thus, the impact of growth in the area's tax base will be felt by all taxing jurisdictions in the development area within a foreseeable time frame.

XVII ADOPTION OF THIS PLAN.

The City of Williamston, before adoption of a resolution approving this plan, shall hold a public hearing on this development plan.

At the time of the hearing, the City Council of Williamston shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing shall provide the fullest opportunity for expression of opinion, for argument of merits, and for introduction of documentary evidence pertinent to the development plan. The City Council shall make and preserve a record of the public hearing including all data presented at that time.

TAX INCREMENT FINANCING DISTRICT NO. 2B
PURSUANT TO PUBLIC ACT 450

The City of Williamston has created a Tax Increment Financing Authority under the guidelines of Public Act 450.

The members of this authority are the members of the Williamston Economic Development Corporation.

This authority, through the City Council, established a tax increment financing district on the Bekum America and Williamston West property approximately one year ago.

The authority would now like to have the City Council establish District #2B. This district would include the property located south of the railroad tracks on the elevator property and the Simons property and the property of Vintage Lakes and Spadafore's on East Grand River.

A portion of the elevator, public works property and that of Simon's would be used for the creation of an industrial park.

Public Act 450 allows the city the right to create the district and capture the total 74 mills of taxes generated and use the money to develop the district's property.

The only taxing unit that does not recover its money immediately is the county.

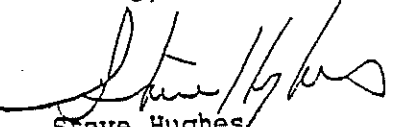
The difference in lost taxes to the school is replaced by the state aid formula.

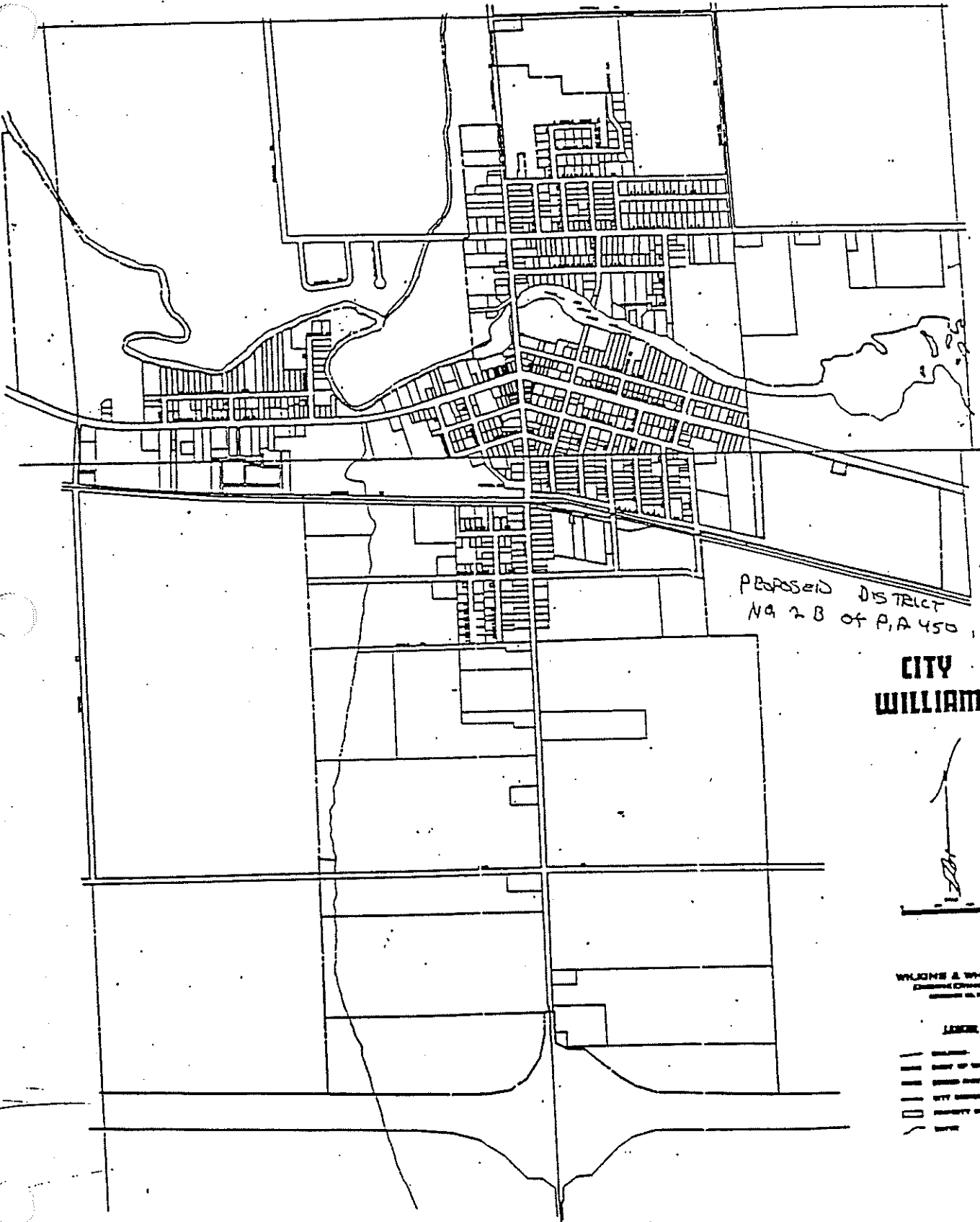
Total anticipated revenues generated in this district after Vintage Lakes and Spadafore's development are completed are \$164,280/year.

This revenue would be used to purchase land in the district and provide utilities and roads for the industrial park.

For your information, included is the development district boundaries. Actions needed by the City Council to proceed are as follows:

- 1) Resolution of intent by the governing body to establish the boundaries of District No. 2B and setting a public hearing date for public response.
- 2) Resolution approving the development plan and setting the public hearing dates for public response.
- 3) Resolution to reduce boundaries of DDA District.


Steve Hughes
City Manager



PROPOSED DISTRICT
 NA 2 B OF P.A. 450

**CITY OF
 WILLIAMSTON**



WILKINS & WHEATON
 ENGINEERING CO.
 WILKINSVILLE, N.C.

- LEGEND**
- STREET
 - SIDE OF WAY
 - SIDE WAY OF WAY
 - CITY BOUNDARY
 - PROPERTY BOUNDARY
 - WATER

EXHIBIT A
OCTOBER 9, 1987 - TAX INCREMENT AGREEMENT

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TAX INCREMENT AGREEMENT

Agreement made this 9th day of October, 1987 by and between the City of Williamston, with offices located at 161 E. Grand River, Williamston, Michigan (the "City"), the Tax Increment Finance Authority of the City of Williamston of 161 E. Grand River, Williamston, Michigan (the "TIFA"), and the Economic Development Corporation of the City of Williamston, of 161 E. Grand River, Williamston, Michigan (the "EDC").

WHEREAS, the City of Williamston Tax Increment Finance Authority has been lawfully established and is existing and operating under the laws of the State of Michigan and a Tax Increment Financing District has been established which encompasses the property described in the Indenture and Mortgage of even date herewith and a Tax Increment Finance Plan has been established which is reasonably expected to produce sufficient revenues to pay the principal and interest on the within described Bonds as the same become due.

WHEREAS, the Industrial Park Project, as more fully described in the project plan approved by the City Council on June 29, 1987 (the "project plan"), constitutes a public purpose as set forth in the Economic Development Corporation Act (MCLA 125.1601 et seq.) and the Tax Increment Finance Authority Act (MCLA 125.1801 et seq.), and

WHEREAS, the EDC has issued on this date its \$470,000 the Economic Development Corporation of the City of Williamston Revenue Bond - Industrial Park Project (the "Bond") in accordance with the project plan, and

WHEREAS, the City Council approves the application of TIFA funds generated from the property serving as the site of the Industrial Park Project, to the purposes contained in the project plan, and

WHEREAS, the City Council agrees that its share of TIFA millage shall be pledged for repayment of the Bond and that in the event that the TIFA millage levy should be invalidated, then the City's portion only (its charter millage) shall be transferred as a loan to the EDC for purposes of repayment of the Bond in pursuance of any public purpose of the EDC.

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. The TIFA agrees to transmit and pay over to the EDC for purposes of repayment of a bond of even date herewith issued by the EDC to Republic Bank - Central in the aggregate amount of \$470,000 (the "Bond"), commencing July 1, 1988 and continuing thereafter until said Bond is paid;

- A) all tax increments transmitted to the TIFA (pursuant to MCLA 125.1814(1), as amended) with respect to the following described property situated in the City of Williamston, County of Ingham, State of Michigan.

ALL OF BLOCK 31 AND ALL OF BLOCK 32, EXCEPT LOTS 22 THROUGH 28, AND ALL OF BLOCK 33, EXCEPT LOTS 16 THROUGH 26, ALL IN OWENS THIRD ADDITION, CITY OF WILLIAMSTON.

except, for so long as Bergen Brunswig is owner, lessee or sublessee of the building located on "Parcel 1" of the Williamston I-96 Industrial Park more particularly described as follows:
Beginning at a point distant N 68°20'03" E. 254.91 feet from the W. 1/4 Corner Section 1, T3N-R1E, Wheatfield Township, Ingham County, Michigan; thence N. 02°49'45" W. 665.75 ft., N. 03°04'27" W. 65.43 ft., N 02°11'32" W. 165.02 ft., N. 87°19'33" E. 51.31 ft., S 84°27'18" E. 422.19 ft., S 45°14'59" E 280.00 ft., S 00°14'59" E. 664.00 ft., S 89°45'01" W. 570.00 ft., N. 83°35'20" W. 60.91 ft., the p.o.b., containing 12.64 acres of land more or less and subject to all easements of record, 1/2 of all tax increments transmitted to the TIFA (pursuant to MCLA 125.1814(1), as amended) with respect to the property described above as "Parcel 1".

Said tax increments shall be transmitted or paid by the TIFA to an account established with the Bondholder by the EDC, immediately upon the TIFA's receipt of same. Upon default in any of the terms of the bond documents by the City, the TIFA or the EDC, the Bondholder shall have full and immediate rights of set-off and/or recoupment as to any funds held in the account established as provided herein.

2. Notwithstanding any opinion of the Michigan Supreme Court with respect to the constitutional issues raised in Requests for Advisory Opinion on Constitutionality of 1986 PA 281 (Docket No. 80210), the City and the TIFA recognize and agree that the acquisition and improvement of the property described in paragraph 1 above to permit industrial development and the increase of the tax base of the City of Williamston and the increase of employment in the City of Williamston constitutes a public purpose and therefore the City shall, and hereby does, pledge that portion of the property tax levy which reflects the charter millage rate in effect in the City of Williamston for repayment of the Bonds (as described in paragraph 1 above) as to

the incremental value of the property. The City hereby pledges its full faith and credit with respect to the foregoing.

In the event that the Michigan Supreme Court's decision in the above-referenced case invalidates the continuation of the tax increment financing plan with respect to the property described in paragraph 1, those sums pledged in this paragraph 2 by the City as are necessary to make any payment of interest and/or principal on the Bonds shall be transferred by the City to the above-referenced account established with the bondholder by the EDC in a manner to ensure timely payment of interest and/or principal on the Bonds. Such sums transferred by the City to the above-referenced account established with the bondholder by the EDC, shall be immediately applied by the EDC toward payment of the Bonds. The parties acknowledge that the Bondholder, in such an event, shall have no repayment obligations to the City, to the EDC, or to the TIFA.

Any and all such transmissions of said tax increments to the EDC by the City shall constitute a loan by the City to the EDC, to be repaid by the EDC to the City according to the following:

- A) The EDC shall not be required to pay interest on any of the funds transmitted to the EDC by the City.
- B) In the event that the Michigan Supreme Court shall determine that the statutory tax increment financing method is not legally or constitutionally permissible, repayment of any funds advanced to the EDC by the City shall be repaid by the EDC as funds become available to the EDC. The EDC shall not sell or lease any of the property described in paragraph 1 above, except, for so long as Bergen Brunswig is owner, lessee or sublessee of the building located on "Parcel 1" of the Williamston I-96 Industrial Park more particularly described as follows:

Beginning at a point distant N 68°20'03" E. 254.91 feet from the W. 1/4 Corner Section 1, T3N-R1E, Wheatfield Township, Ingham County, Michigan; thence N. 02°49'45" W. 665.75 ft., N. 03°04'27" W. 65.43 ft., N 02°11'32" W. 165.02 ft., N. 87°19'33" E. 51.31 ft., S 84°27'18" E. 422.19 ft., S 45°14'59" E 280.00 ft., S 00°14'59" E. 664.00 ft., S 89°45'01" W. 570.00 ft., N. 83°35'20" W. 60.91 ft., the p.o.b., containing 12.64 acres of land more or less which is then owned by the EDC without specifying in the documents of sale or

lease that so long as any funds advanced by the City to the EDC have not been repaid to the City, such sums shall constitute a lien on the property, which shall be subordinate to any lien in favor of the Bondholder pursuant to the Indenture and Mortgage of even date herewith, to be paid by the owner thereof upon sale or refinancing at any point in the future.

C) Unless the EDC shall have fully repaid to the City all such sums advanced to the EDC by the City pursuant to this agreement, upon payment in full by the EDC of the Bonds referenced in paragraph 1 above, the EDC shall transfer to the City all of the rights, title and interest which it may have in the property described in paragraph 1, and such transfer shall constitute repayment in full of all sums advanced or transferred by the City to the EDC pursuant to this agreement.

3. This agreement is made for the benefit of and may be enforced by the holder of the Bond described in paragraph 1 hereof.

4. This Agreement shall be amended only upon the written consent of the holder of the Bond described in paragraph 1 hereof.

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CITY OF WILLIAMSTON

By William McPherson, Mayor

By Mary LaClear
Mary LaClear, City Clerk

TAX INCREMENT FINANCE AUTHORITY
OF THE CITY OF WILLIAMSTON

By Terrie C. Henderson

By Lloyd Hamlin

ECONOMIC DEVELOPMENT CORPORATION
OF THE CITY OF WILLIAMSTON

By Lawrence E. Thelen
Lawrence E. Thelen, President

By Lloyd Hamlin
Lloyd Hamlin, Secretary

ECONOMIC DEVELOPMENT CORPORATION
OF THE CITY OF WILLIAMSTON

161 E. Grand River
Williamston, MI 48895

RESOLUTION AMENDING TAX INCREMENT FINANCING PLAN
FOR TAX INCREMENT FINANCING DISTRICT "2B"

WHEREAS, by Resolution adopted by the Council for the City of Williamston on December 8, 1986, a Tax Increment Plan for Tax Increment District "2B" was approved, to be supervised and controlled by the Board of Directors of the City of Williamston Economic Development Corporation; and

WHEREAS, as the result of the authority vested in the E.D.C. pursuant to the adoption of this Tax Increment Financing Plan, The Williamston I-96 Industrial Park was created, and parcels of this property sold to various companies; and

WHEREAS, certain modifications to the Tax Increment Financing Plan are necessary to bring the plan into conformity with action taken in furtherance of the development of this Industrial Park:

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Tax Increment Financing Plan dated November 10, 1986, concerning the Williamston Tax Increment Financing District "2B", is amended to provide as follows:
 - a. To confirm in all respects the authority of the E.D.C. acting as the Tax Increment Financing Authority to participate in a lease and sub-lease of Parcel 1 in the Industrial Park with the Bergen Brunswig Corporation and the Bergen Brunswig Drug Company, which lease and sub-lease, among other things, grant to the Bergen Brunswig Drug Company a rent credit equal to 1/2 of all real and personal property taxes levied on all improvements made to the premises over a designated period of time, as more specifically described and specified in the sub-lease agreement attached as Exhibit "A" and incorporated by reference.
 - b. To authorize the E.D.C. acting as the Tax Increment Financing Authority to the extent TIFA revenues are adequate and all existing obligations are first satisfied, to use additional revenues to purchase real property immediately adjacent to the

boundaries of Tax Increment Financing District "2B" in order to enhance the development of the Williamston I-96 Industrial Park and to provide for its possible future expansion, and specifically in furtherance of this objective to authorize use of TIFA revenues, if available, for the payment of any obligations assumed by the E.D.C. pursuant to the terms of a Land Contract with Scott and Karen Hitchcock attached as Exhibit "B" and incorporated by reference.

2. The secretary of the E.D.C. is directed to submit a true copy of this Resolution to the Council for the City of Williamston for its review and approval in accordance with the provisions of Section 18(2) of the Tax Increment Financing Authority Act (Act 450 PA 1980--MCLA 125.1818).

Adopted at a regular meeting of the E.D.C. for the City of Williamston held on the 6th day of October, 1988.

YEAS: Thelen, Dahlstrom, Hendricks, Bozek, May and Hamlin

NAYS: None

ABSENT: Benke, Isenhart and Rogers



Lawrence E. Thelen, President

I hereby certify that the above is a true and complete copy of a Resolution adopted by the E.D.C. for the City of Williamston at a regular meeting held on the 6th day of October, 1988.


Lloyd Hamlin, Secretary

EXHIBIT C
NOVEMBER 3, 1998 RESOLUTION AMENDING
THE TAX INCREMENT FINANCE PLAN