

**CITY OF HASTINGS**  
**LOCAL DEVELOPMENT FINANCE AUTHORITY**

**DEVELOPMENT PLAN**

**AND**

**TAX INCREMENT FINANCING PLAN**

***Amended and Restated June 12, 2017***

**HASTINGS CITY COUNCIL**

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Bill Redman, Mayor Pro TEM  
Theresa Maupin-Moore  
Al Jarvis  
Brenda McNabb-Stange  
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LOCAL DEVELOPMENT FINANCE AUTHORITY  
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**CITY OF HASTINGS ADMINISTRATIVE STAFF  
AND LEGAL COUNSEL**

**CITY MANAGER**

Jeff Mansfield

**LEGAL SERVICES**

Varnum, Riddering, Schmidt & Howlett  
Stephanie Fekkes

**VISION**  
**Develop, Support and Promote.**

**MISSION**  
**To promote economic development and create jobs in the City of Hastings.**

**SECTION I**

**INTRODUCTION**

**A. Purpose of Local Development Finance Authority Act.**

The Local Development Finance Authority Development Plan and Tax Increment Financing Plan have been prepared pursuant to the Local Development Financing Act, Act No. 281 of the Michigan Public Acts of 1986, MCLA ' 125.2151 et. seq. (the "Act"). A copy of the Act and the amendments thereto are set forth in Exhibit 1. The Act was enacted to provide a means for local units of government to eliminate the conditions of unemployment, underemployment, and joblessness and to promote economic growth in the community served by the local unit of government.

The Act encourages local development to prevent conditions of unemployment and promote economic growth; provides for the establishment of local development finance authorities and prescribes their powers and duties; provides for the creation of a board to govern an authority and prescribes its powers and duties; provides for the creation and implementation of development plans; authorizes the acquisition and disposal of interests in real and personal property; permits the issuance of bonds and other evidences of indebtedness by an authority; prescribes powers and duties of certain state officers and agencies; and authorizes and permits the use of tax increment financing.

Tax increment financing is a government financing program which contributes to economic growth and development by dedicating a portion of the tax base resulting from the economic growth and development to certain public facilities and structures or improvements of the type designed and dedicated to public use and thereby facilitates certain projects which create economic growth and development. Tax increment financing mandates the transfer of tax increment revenues by city, village, township, school district, and county treasurers to authorities created under the Act in order to effectuate the legislated government programs to eliminate the conditions of unemployment, underemployment and joblessness and to promote state economic growth. MCLA 125.2151.

The Act seeks to accomplish its goals by providing local units of government with the necessary legal, monetary and organizational tools to eliminate the conditions of unemployment, underemployment and joblessness and to promote economic growth

through publicly initiated projects undertaken cooperatively with privately initiated projects.

The way in which a local development finance authority makes use of the tools made available under the Act depends on the problems and priorities of each community. The Development Plan and Tax Increment Financing Plan have been developed in accordance with the purposes of the Act based on the problems and priorities as perceived by the Local Development Finance Authority of the City of Hastings (hereinafter sometimes referred to as the "LDFA" or the "Authority"), and is submitted to the City Council of the City of Hastings for its approval.

**B. Creation of Local Development Finance Authority of the City of Hastings and the Authority District.**

On February 8, 1993, the City Council of the City of Hastings adopted a Resolution of Intent to Establish a Local Development Finance Authority. The Resolution provided for a public hearing to be held on the proposed resolution creating the Authority and designated the boundaries of the Authority District. The public hearing was held on February 8, 1993, at which time the City Council of the City of Hastings adopted a Resolution Creating the Local Development Finance Authority and Designating the Boundaries of the Local Development Finance Authority District. A copy of the Resolution is attached as Exhibit 2.

The Local Development Finance Authority was given all the powers and duties prescribed for a local development finance authority under the Act. The City Council also designated the boundaries of the Authority District within which the LDFA may legally work. A legal description of the original boundaries of the Authority District can be found in Exhibit 2.

After creation of the Local Development Finance Authority, the City Council of the City of Hastings approved the appointment of seven of the members of the LDFA Board.

**C. Activities of the Local Development Finance Authority of the City of Hastings.**

The first meeting of the LDFA Board was held on July 22, 1997. At this meeting, the LDFA elected officers, approved bylaws, and approved the Local Development Finance Authority Development Plan and Tax Increment Financing Plan and recommended it to the City Council. On August 24, 1998, the City Council held a public hearing and meeting with local taxing units and approved the Local Development Finance Authority Development Plan and Tax Increment Financing Plan. A copy of the Resolution is attached as Exhibit 3.

**D. Expansion of Authority District and Amendments to the Development and Tax Increment Financing Plan.**

The original Development Plan was later amended and restated by the LDFA Board for the purpose of updating the Development Plan with respect to certain improvements in the development area and to extend the term of the Tax Increment Financing Plan. On August 13, 2001, the City Council held the required public hearing and meeting with local taxing units and approved the amended Local Development Finance Authority Development Plan and Tax Increment Financing Plan Exhibit 4.

**SECTION II**

**DEVELOPMENT PLAN**

**A. Boundaries of the Property to which the Development Plan Applies.**

The boundaries of the property to which the Development Plan, as amended (sometimes referred to as the "development area"), are the same as the boundaries of the Authority District. The boundaries of the original Authority District and development area are set forth on Map 1.

**B. General Description of Authority District and Development Area.**

A general description of the boundaries of the Authority District and the property to which the Development Plan applies in relation to highways, streets or otherwise is set forth below.

The Authority District and development area is generally described as that area of the City of Hastings lying in the south east portion of the city Map 3.

**C. Existing Public and Private Land Uses.**

1. Existing public land uses.

Existing public land uses in the area to which the Development Plan applies include the following:

- (a) Vacant developable land.
- (b) Public street rights-of-way totaling approximately 8200 lineal feet.

In the proposed development area, there are approximately 89 acres of land currently in public use. This represents approximately 38% of the total Authority District.

2. Existing private land use.

Existing private uses in the area to which the Development Plan applies include industrial facilities and vacant developable land.

In the total Authority District, there are approximately 148 acres of land devoted to private use activities, representing 62% of the total Authority District.

The location and extent of existing streets and other public facilities and the existing public and private land use in the Authority District at the time it was originally established are set forth on Map 2.

**D. Proposed Public and Private Land Uses.**

The proposed public and private land uses which will result from the Development Plan, as amended, and other planned development activities are described below.

1. Proposed public land uses include the following:

- (a) Industrial facilities and vacant developable land.
- (b) Public street rights-of-way totaling approximately 2,400 lineal feet.

2. Proposed private land uses include the following:

- (a) Industrial facilities.

**E. Property Acquisition.**

1. The following public facilities are proposed to be acquired in order to accomplish the objectives of the Development Plan:

- (a) **3.1 acre triangle parcel to the North of Enterprise Drive fronting on Star School Road.**
- (b) **10 acre parcel number 55-265-001-10 also known as 1645 Star School Rd.**

3. It is expected that all of the above property acquisitions will be acquired as it becomes available.

**F. Location, Extent, Character, and Estimated Cost of the Public Facilities for Property to Which the Development Plan Applies.**

## SUMMARY OF PROPOSED IMPROVEMENTS

### LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF HASTINGS

<u>Proposed Improvement</u>	<u>Estimated Cost</u>	<u>Construction Period</u>
<b>1. Land Division Planning for all City owned parcels.</b>	<b>\$250,000</b>	<b>2019</b>
<b>2. Construction of City DPS Garage and Storage.</b>	<b>\$2,000,000</b>	<b>2020</b>
<b>3. Construction of cul-de-sac east of Old Hastings Industrial Incubator to the North of State Street.</b>	<b>\$200,000</b>	<b>2022</b>
<b>4. Construction of cul-de-sac to the North of Enterprise Drive</b>	<b>\$250,000</b>	<b>2027</b>
<b>5. Construction of cul-de-sac to the East of Star School Road</b>	<b>\$525,000</b>	<b>2035</b>
<b>6. Infrastructure improvements.</b>	<b>\$200,000</b>	<b>2035</b>
<b>7. Speculative building.</b>	<b>\$250,000</b>	<b>2025</b>
<b>8. Site preparation.</b>	<b>\$100,000</b>	<b>2020</b>
<b>9. Marketing of available land.</b>	<b>\$50,000</b>	<b>2035</b>
<b>10. Conceptual designs/renderings.</b>	<b>\$20,000</b>	<b>2019</b>
<b>11. Wayfinding signage.</b>	<b>\$10,000</b>	<b>2019</b>
<b>12. Property Acquisition.</b>	<b>\$145,000</b>	<b>2027</b>
<hr/> <b>TOTAL DEVELOPMENT COST</b>		<b>\$4,000,000</b>

**G. Land Disposition.**

The Authority does not presently anticipate the need to sell, donate, exchange or lease any property to or from the City of Hastings.

**H. Description of Desired Zoning Changes.**

The existing zoning for the area is set forth on Map 3.

The zoning will remain industrial and the industrial park will be designated as a certified industrial park by the Michigan Department of Commerce. The proposed changes in streets, street levels, intersections, and utilities are described elsewhere in this Development Plan.

**I. Development Cost Estimates and Financing.**

The total cost of completing all activities, projects and improvements included in this amended Development Plan, is estimated to be \$4,000,000. Of this amount, it is estimated that the total development cost is to be financed by the LDFA. The costs include expenditures for activities associated with the accomplishment of each of the projects, plus administrative expenses and contingencies.

The LDFA expects to finance these activities from one or more of the following sources:

1. Contributions to the Authority for the performance of its functions.
2. Revenues from any property, building or facility owned, leased, licensed or operated by the Authority or under its control.
3. Future tax increment revenue to be received pursuant to the Tax Increment Financing Plan.
4. Proceeds of tax increment bonds.
5. Proceeds of revenue bonds.
6. Money obtained from any other legal source approved by the City Council of the City of Hastings.

The proceeds to be received from the tax increment revenues in the Authority District plus the availability of funds from other authorized sources will be sufficient to finance all activities and improvements to be carried out under this Plan.



**J. Identification of Private Interests.**

At the time of adoption of this amended Plan, there are no private interests, parties or person identified to whom land for new development will be sold, leased or conveyed. All development activity and improvements described in this Plan will remain under public ownership or control of the City of Hastings or a public entity created by the City of Hastings, except it is expected that as the Development Plan is completed, certain property in the industrial park will be available for sale or lease to industrial facilities.

**K. Proposed Land Disposition Terms and Bidding Procedures.**

The terms under which land designated for new development will be sold, leased or otherwise conveyed to private development interests shall be determined by the LDFA.

The procedures by which bids to purchase such property will be received and awarded will be in accordance with existing procedures and practices currently used by the City of Hastings in disposing of other City-owned property.

The LDFA and the Hastings City Council will reserve the right to select the development proposal and/or the developer whose proposal for purchase best meets the intent of this Development Plan and the best interests of the City.

**L. Estimates of the Number of Persons Residing on the Property to Which the Plan Applies and the Number of Families and Individuals to be Displaced.**

There are no persons residing in the development area and no displacement of families is contemplated.

**M. Plan for Establishing Priority for Relocation of Displaced Persons.**

Since no persons will be displaced from the Authority District by any of the proposed projects, it is not necessary to prepare a plan for establishing priority for displaced persons.

**N. Provision for the Costs of Relocating Displaced Persons.**

Since no persons will be displaced, it is not necessary to provide for costs of relocating displaced persons. In the event any future projects involve the relocation of displaced persons, 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, shall be made in accordance with the standards and provisions of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 USC " 4601-4655.

**O. Compliance with Act 227 of the Michigan Public Acts of 1972.**

This Development Plan meets the requirements of Act 227 of the Michigan Public Acts of 1972, as amended, in that there are no displaced persons or businesses.

**SECTION III**

**TAX INCREMENT FINANCING PLAN FOR THE LOCAL  
DEVELOPMENT FINANCE AUTHORITY DISTRICT OF THE CITY OF HASTINGS**

This Tax Increment Financing Plan is established to make possible the financing of all or a portion of the costs associated with the carrying out and completion of those activities and improvements contained in the officially adopted Development Plan for the Local Development Finance Authority of the City of Hastings, as may be amended from time to time.

**A. Development of Captured Assessed Value.**

The Local Development Finance Authority Development Plan and Tax Increment Financing Plan will result in the development of captured assessed value which could not otherwise be expected. The Development Plan includes the construction of infrastructure necessary to establish an industrial park in the City of Hastings and to serve expansion and growth needs of existing industrial facilities. The construction of such infrastructure will have a direct relation to the expansion of industrial facilities within the Authority District. Such expansion will result in the development of captured assessed value which could not otherwise be expected.

**B. Tax Increment Financing Procedure.**

The tax increment financing procedure outlined in the Act requires the adoption by the City of Hastings of a Development Plan and Tax Increment Financing Plan. Following adoption of the resolution approving the Development Plan and Tax Increment Financing Plan, the city, village, township, school district and county treasurers are required by law to transmit to the LDFA that portion of the tax levy of all taxing jurisdictions paid each year on the captured assessed value of each eligible property included in the tax increment financing plan, excluding millage specifically levied for the payment of principal and interest of obligations approved by electors or obligations pledging the unlimited taxing power of the local governmental unit.

At the time the Tax Increment Financing Plan is adopted, the "initial assessed value" is determined. The initial assessed value means the assessed value, as equalized, of the eligible property identified in the tax increment financing plan at the time the resolution establishing the tax increment financing plan is approved as shown by the most recent assessment roll for which equalization has been completed at the time the resolution is

adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. Property for which a specific local tax is paid in lieu of property tax shall not be considered exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of property tax is determined as provided below.

"Specific local taxes" means a tax levied under Act No. 198 of the Michigan Public Acts of 1974, being Sections 207.551 to 207.571 of the Michigan Compiled Laws, the Commercial Redevelopment Act, Act No. 255 of the Michigan Public Acts of 1978, being Sections 207.651 to 207.668 of the Michigan Compiled Laws, the Enterprise Zone Act, Act No. 224 of the Michigan Public Acts of 1985, being Sections 125.2101 to 125.2122 of the Michigan Compiled Laws, Act No. 189 of the Michigan Public Acts of 1953, being Sections 211.181 to 211.182 of the Michigan Compiled Laws, and the Technology Park Development Act, Act No. 385 of the Michigan Public Acts of 1984, being Sections 207.701 to 207.718 of the Michigan Compiled Laws. The initial assessed value or current assessed value of property subject to a specific local tax is the quotient of the specific local tax paid divided by the ad valorem millage rate.

The tax increment is derived only from "eligible property" identified in the Tax Increment Financing Plan. Eligible property means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures, or any part or accessory thereof whether completed or in the process of construction comprising an integrated whole, located within the Authority District, of which the primary purpose and use is one of the following:

1. Manufacture of goods or materials, or the processing of goods or materials by physical or chemical change;
2. Agricultural processing;
3. A high technology activity that has as its primary purpose research, product development, engineering, laboratory testing or development of industrial technology; or
4. The production of energy by the processing of goods or materials by physical or chemical change by a small power production facility which is fueled primarily by biomass or wood waste, as described in more detail and subject to the requirements set forth in the Act.

Presented in Exhibit 5 are schedules of the initial assessed values of all real and personal property in the Authority District determined as of December 31, 2015, and updated as of.

**C. Procedure for Preparing Tax Rolls for Eligible Property in the Authority District.**

In order to provide for a more efficient and proper means of accounting assessed values on personal property in the Authority District, the City of Hastings will, by adoption of this Plan, establish a tax report filing system requiring owners of personal property to file on a yearly basis a separate report to the City Assessor of possessions located within the boundaries of the Authority District.

Presented in Exhibit 6 is the procedure for preparing tax rolls for the Authority District.

**D. Estimates of Captured Assessed Values and Tax Increment Revenues.**

The tax increment revenues or "captured assessed value" means the amount in any one year by which the current assessed value, as equalized, of the eligible property identified in the Tax Increment Financing Plan, including the current assessed value of property for which specific local taxes are paid in lieu of property taxes, exceeds the initial assessed value. The amount of tax increment that is transmitted to the LDFA by the city, village, township, school district, and county treasurers is that portion of the tax levy of all taxing jurisdictions paid each year on the captured assessed value of each eligible property included in a Tax Increment Financing Plan, excluding millage specifically levied for the payment of principal and interest of obligations approved by electors or obligations pledging the unlimited taxing power of the local governmental unit. The portion of a specific local tax which is attributable to the captured assessed value of an eligible property included in the Tax Increment Financing Plan shall be included as part of the tax increment to be transmitted to the Authority and shall be calculated using the ad valorem millage rate excluding millage specifically voted and levied for the payment of principal and interest of obligations issued or secured by the taxing body.

The LDFA shall expend the tax increments received for the development program only in accordance with the Tax Increment Financing Plan. Tax increment revenues in excess of the estimated tax increment revenues or in excess of the actual cost of the Plan to be paid by the tax increment revenues may be retained by the LDFA only for purposes that, by resolution of the LDFA Board, are determined to further the development program in accordance with the Tax Increment Financing Plan. The excess revenue not so used shall revert proportionately to the respective taxing jurisdictions. These revenues shall not be used to circumvent existing property tax laws or a local charter which provides a maximum authorized rate for the levy of property taxes.

The City of Hastings may terminate the Tax Increment Financing Plan if it finds that the purposes for which the plan was established are accomplished. However, the Tax Increment Financing Plan may not be terminated until the principal of and interest on bonds issued under the Act have been paid or funds sufficient to make that payment have been segregated and placed in an irrevocable trust for the benefit of the holders of the bonds.

A schedule of the estimated tax increment revenues to be realized from increases in real and personal property values and from increases in Act 198 assisted industrial facilities exemption property values for the period from 2015 through 2035 are set forth in Exhibit 7. These estimates are based on the experience of the City Tax Assessor. The projections are based on appreciation only. The 21.435 mills levied by the local taxing jurisdictions within the Authority District were applied to the captured assessed totals for ad valorem real and personal property. For properties for which a specific local tax is paid in lieu of property taxes, one-half of the mills, or 10.7175 mills, were applied to the captured amounts for those projects. Under this Tax Increment Financing Plan, the entire tax increment amount is to be utilized by the LDFA, however, the LDFA may subsequently enter into agreements with local taxing jurisdictions to share a portion of the captured assessed value.

The tax increment amount does not include amounts levied for the payment of principal and interest of obligations approved by electors or obligations pledging the unlimited taxing power of the local governmental unit. The local taxing jurisdictions currently levy 0 mill for debt service, of which 0 mill is levied by the City of Hastings. Therefore, while the total millage levied by all taxing jurisdictions within the Authority District is 21.435 mills, the LDFA will collect tax increment on the captured value based on 21.435 mills, thus allowing the 0 debt millage of the local taxing jurisdictions to pass through.

#### **E. Use of Tax Increment Revenue.**

The tax increment revenue paid to the LDFA by the city, village, township, school district and county treasurers is to be disbursed by the LDFA from time to time in such manner as the LDFA may deem necessary and appropriate in order to carry out the purposes of the Development Plan, including but not limited to the following:

1. The principal, interest and reserve payments required for any bonded indebtedness to be incurred in its behalf for purposes provided in the Development Plan.
2. Cash payments for initiating and completing any improvements or activity called for in the Development Plan.
3. Any annual operating deficits that the LDFA may incur from acquired and/or leased property in the development area.
4. Interest payments on any sums that the LDFA should borrow before or during the construction of any improvement or activity to be accomplished by the Development Plan, after approval by the City of Hastings.
5. Payments required to establish and maintain a capital replacement reserve.
6. Payments required to establish and maintain a capital expenditure reserve.

7. Payments required to establish and maintain any required sinking fund.
8. Payments to pay the costs of any additional improvements to the development area that are determined necessary by the LDFA and approved by the City of Hastings.
9. Any administrative expenditure required to meet the cost of operation of the LDFA and to repay any cash advances provided by the City of Hastings. This may include quarterly payments to the City to support overhead expenses.
10. Payments to the City for public services, such as police, fire and snow removal. As the development area develops, the demand for such public services will increase. Since the City will not receive additional property taxes to fund such increased services, the failure to adequately provide such services may discourage development of the development area. Accordingly, the LDFA may elect to allocate tax increment revenue to the City to ensure that such services are provided, subject to any limitations contained in the Act.

The LDFA may modify the priority of projects and payments at any time if, within its discretion, such modification is necessary to facilitate the Development Plan then existing and is permitted under the terms of any outstanding indebtedness.

Revenues to support these costs shall be derived from any of the following sources, or a combination of these sources:

1. The issuance of one or more series of revenue bonds which may be supported by a limited tax pledge if authorized by resolution of the Hastings City Council or, if authorized by the voters of the City of Hastings, the unlimited tax, full faith and credit of the City of Hastings;
2. Tax increment bonds which are secured by tax increment revenue to be received from eligible property and which may be secured by a limited tax pledge of the City of Hastings if authorized by resolution of the Hastings City Council or, if authorized by the voters of the City of Hastings, the unlimited tax, full faith and credit of the City of Hastings;
3. Funds borrowed from the City of Hastings at rates and terms to be agreed upon or as set forth elsewhere in this Development and Financing Plan.
4. Cash.

Tax collections expected to be generated by the captured assessed value of eligible property within the Authority District are adequate to provide for payment of principal and interest on such bonds or funds borrowed from the City of Hastings.

The amounts of bonded indebtedness or indebtedness to be incurred by the LDFA and/or the City of Hastings for all bond issues or loans including payments of capitalized interest, principal and required reserve shall be determined by the LDFA, subject to approval of the Hastings City Council. At the time of adoption of this Plan, the LDFA estimate of maximum bonded indebtedness, if bonding is to be used or indebtedness incurred, is \$0 including project costs and issuance expenses.

**F. Operating and Planning Expenditures.**

All operating and planning expenditures of the LDFA and the City of Hastings, as well as all advances extended by or indebtedness incurred by the City or other parties, are expected to be repaid from tax increment revenues. The costs of the Tax Increment Financing Plan are also anticipated to be paid from tax increment revenues as received.

**G. Duration of Plan.**

This amended and restated plan extends the duration of the Plan an additional fifteen (15) years, expiring with the 2031 tax levy. The term of the Plan may be modified from time to time by the City Council of the City of Hastings upon notice and upon public hearing and amendments as required by the Act.

**H. Impact on Assessed Values and Tax Revenues of Other Taxing Jurisdictions.**

The overall impact of the Development Plan is expected to generate increased economic activity in the Authority District, the City of Hastings and Barry County at large. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income of new employment within the Authority District, the City of Hastings, and other neighboring communities and throughout Barry County.

**I. Legal Description of Eligible Property.**

The legal description of the eligible property to which the Tax Increment Financing Plan applies is set forth on Exhibit 8.

**J. Jobs to be Created.**

It is estimated that approximately 100 jobs will be created as a result of implementation of the Tax Increment Financing Plan.

**K. Reports.**

The LDFA shall submit annually to the City of Hastings and the State Tax Commission a financial report on the status of the Tax Increment Financing Plan. The report shall include the following:

1. The amount and source of tax increments received.
2. The amount in any bond reserve account.
3. The amount and purpose of expenditures of tax increment revenues.
4. The amount of principal and interest on any outstanding bonded indebtedness of the LDFA.
5. The initial assessed value of the eligible property.
6. The captured assessed value of the eligible property retained by the LDFA.
7. The number of jobs created as a result of the implementation of the Tax Increment Financing Plan.
8. Any additional information the City of Hastings or the State Tax Commission considers necessary.



## **MAPS**

1. Original and Existing Boundaries of Local Development Finance Authority and Tax Increment Financing District.
2. Local Development Finance Authority Existing Land Use Map.
3. The Authority District and Development Area

## **EXHIBITS**

1. Local Development Financing Act, Act No. 281 of the Michigan Public Acts of 1986, MCLA 125.2151 et seq.
2. February 8, 1993 Hastings City Council Resolution Creating the Local Development Finance.
3. August 24, 1998 Hastings City Council Resolution of Intention to Create a Local Development Plan and Tax Increment Financing Plan for the Operation of a Local Development Finance Authority.
4. August 13, 2001 Resolution Approving and Recommending the [amended] Local Development Plan and Tax Increment Financing Plan.
5. Schedules of the initial assessed values of all real and personal property in the Authority District determined as of December 31, 2015.
6. Procedure for preparing tax rolls for the Authority District.
7. Schedule of the estimated tax increment revenues from increases in real and personal property values and from increases in Act 198 assisted industrial facilities exemption property values for the period from 2015 through 2035.
8. Legal Description of Eligible Property.

**THE LOCAL DEVELOPMENT FINANCING ACT**  
**Act 281 of 1986**

AN ACT to encourage local development to prevent conditions of unemployment and promote economic growth; to provide for the establishment of local development finance authorities and to prescribe their powers and duties; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; to prescribe powers and duties of certain public entities and state officers and agencies; to reimburse authorities for certain losses of tax increment revenues; and to authorize and permit the use of tax increment financing.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 2000, Act 248, Imd. Eff. June 29, 2000.

*The People of the State of Michigan enact:*

**125.2151 Legislative findings; short title.**

Sec. 1. (1) The legislature finds all of the following:

(a) That there exists in this state conditions of unemployment, underemployment, and joblessness detrimental to the state economy and the economic growth of the state economy.

(b) That government programs are desirable and necessary to eliminate the causes of unemployment, underemployment, and joblessness therefore benefiting the economic growth of the state.

(c) That it is appropriate to finance these government programs by means available to the state and local units of government, including tax increment financing.

(d) That tax increment financing is a government financing program which contributes to economic growth and development by dedicating a portion of the tax base resulting from the economic growth and development to certain public facilities and structures or improvements of the type designed and dedicated to public use and thereby facilitate certain projects which create economic growth and development.

(e) That it is necessary for the legislature to exercise the sovereign power to legislate tax increment financing as authorized in this act and in the exercise of this sovereign power to mandate the transfer of tax increment revenues by city, village, township, school district, and county treasurers to authorities created under this act in order to effectuate the legislated government programs to eliminate the conditions of unemployment, underemployment, and joblessness and to promote state economic growth.

(f) That the creation of jobs and the promotion of economic growth in the state are essential governmental functions and constitute essential public purposes.

(g) That the creation of jobs and the promotion of economic growth stabilize and strengthen the tax bases upon which local units of government rely and that government programs to eliminate causes of unemployment, underemployment, and joblessness benefit local units of government and are for the use of those local units of government.

(h) That the provisions of this act are enacted to provide a means for local units of government to eliminate the conditions of unemployment, underemployment, and joblessness and to promote economic growth in the communities served by these local units of government.

(2) This act shall be known and may be cited as “the local development financing act”.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

**Constitutionality:** The capture of tax increment revenue by a local development finance authority and the use of the revenues by the authority for purposes authorized by the Local Development Financing Act are not unconstitutional diversions of tax revenues from the taxing entity or unconstitutional lendings of credit by the state or a municipality. Advisory Opinion on 1986 PA 281, 430 Mich 93; 422 NW2d 186 (1988).

**125.2152 Definitions.**

Sec. 2. As used in this act:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but is not limited to, an executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the municipality.

(b) "Alternative energy technology" means equipment, component parts, materials, electronic devices, testing equipment, and related systems that are specifically designed, specifically fabricated, and used primarily for 1 or more of the following:

(i) The storage, generation, reformation, or distribution of clean fuels integrated within an alternative

## EXHIBIT 1

energy system or alternative energy vehicle, not including an anaerobic digester energy system or a hydroelectric energy system, for use within the alternative energy system or alternative energy vehicle.

(ii) The process of generating and putting into a usable form the energy generated by an alternative energy system. Alternative energy technology does not include those component parts of an alternative energy system that are required regardless of the energy source.

(iii) Research and development of an alternative energy vehicle.

(iv) Research, development, and manufacturing of an alternative energy system.

(v) Research, development, and manufacturing of an anaerobic digester energy system.

(vi) Research, development, and manufacturing of a hydroelectric energy system.

(c) "Alternative energy technology business" means a business engaged in the research, development, or manufacturing of alternative energy technology or a business located in an authority district that includes a military installation that was operated by the United States department of defense and closed after 1980.

(d) "Assessed value" means 1 of the following:

(i) For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(ii) For valuations made after December 31, 1994, the taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(e) "Authority" means a local development finance authority created pursuant to this act.

(f) "Authority district" means an area or areas within which an authority exercises its powers.

(g) "Board" means the governing body of an authority.

(h) "Business development area" means an area designated as a certified industrial park under this act prior to June 29, 2000, or an area designated in the tax increment financing plan that meets all of the following requirements:

(i) The area is zoned to allow its use for eligible property.

(ii) The area has a site plan or plat approved by the city, village, or township in which the area is located.

(i) "Business incubator" means real and personal property that meets all of the following requirements:

(i) Is located in a certified technology park or a certified alternative energy park.

(ii) Is subject to an agreement under section 12a or 12c.

(iii) Is developed for the primary purpose of attracting 1 or more owners or tenants who will engage in activities that would each separately qualify the property as eligible property under subdivision (s)(iii).

(j) "Captured assessed value" means the amount in any 1 year by which the current assessed value of the eligible property identified in the tax increment financing plan or, for a certified technology park, a certified alternative energy park, or a next Michigan development area, the real and personal property included in the tax increment financing plan, including the current assessed value of property for which specific local taxes are paid in lieu of property taxes as determined pursuant to subdivision (hh), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value. Except as otherwise provided in this act, tax abated property in a renaissance zone as defined under section 3 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded from the calculation of captured assessed value to the extent that the property is exempt from ad valorem property taxes or specific local taxes.

(k) "Certified alternative energy park" means that portion of an authority district designated by a written agreement entered into pursuant to section 12c between the authority, the municipality or municipalities, and the Michigan economic development corporation.

(l) "Certified business park" means a business development area that has been designated by the Michigan economic development corporation as meeting criteria established by the Michigan economic development corporation. The criteria shall establish standards for business development areas including, but not limited to, use, types of building materials, landscaping, setbacks, parking, storage areas, and management.

(m) "Certified technology park" means that portion of the authority district designated by a written agreement entered into pursuant to section 12a between the authority, the municipality, and the Michigan economic development corporation.

(n) "Chief executive officer" means the mayor or city manager of a city, the president of a village, or, for other local units of government or school districts, the person charged by law with the supervision of the functions of the local unit of government or school district.

(o) "Development plan" means that information and those requirements for a development set forth in section 15.

(p) "Development program" means the implementation of a development plan.

(q) "Eligible advance" means an advance made before August 19, 1993.

(r) "Eligible obligation" means an obligation issued or incurred by an authority or by a municipality on

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behalf of an authority before August 19, 1993 and its subsequent refunding by a qualified refunding obligation. Eligible obligation includes an authority's written agreement entered into before August 19, 1993 to pay an obligation issued after August 18, 1993 and before December 31, 1996 by another entity on behalf of the authority.

(s) "Eligible property" means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures, or any part or accessory thereof whether completed or in the process of construction comprising an integrated whole, located within an authority district, of which the primary purpose and use is or will be 1 of the following:

(i) The manufacture of goods or materials or the processing of goods or materials by physical or chemical change.

(ii) Agricultural processing.

(iii) A high technology activity.

(iv) The production of energy by the processing of goods or materials by physical or chemical change by a small power production facility as defined by the federal energy regulatory commission pursuant to the public utility regulatory policies act of 1978, Public Law 95-617, which facility is fueled primarily by biomass or wood waste. This act does not affect a person's rights or liabilities under law with respect to groundwater contamination described in this subparagraph. This subparagraph applies only if all of the following requirements are met:

(A) Tax increment revenues captured from the eligible property will be used to finance, or will be pledged for debt service on tax increment bonds used to finance, a public facility in or near the authority district designed to reduce, eliminate, or prevent the spread of identified soil and groundwater contamination, pursuant to law.

(B) The board of the authority exercising powers within the authority district where the eligible property is located adopted an initial tax increment financing plan between January 1, 1991 and May 1, 1991.

(C) The municipality that created the authority establishes a special assessment district whereby not less than 50% of the operating expenses of the public facility described in this subparagraph will be paid for by special assessments. Not less than 50% of the amount specially assessed against all parcels in the special assessment district shall be assessed against parcels owned by parties potentially responsible for the identified groundwater contamination pursuant to law.

(v) A business incubator.

(vi) An alternative energy technology business.

(vii) A transit-oriented facility.

(viii) A transit-oriented development.

(ix) An eligible next Michigan business, as that term is defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803, and other businesses within a next Michigan development area, but only to the extent designated as eligible property within a development plan approved by a next Michigan development corporation.

(t) "Fiscal year" means the fiscal year of the authority.

(u) "Governing body" means, except as otherwise provided in this subdivision, the elected body having legislative powers of a municipality creating an authority under this act. For a next Michigan development corporation, governing body means the executive committee of the next Michigan development corporation, unless otherwise provided in the interlocal agreement or articles of incorporation creating the next Michigan development corporation or the governing body of an eligible urban entity or its designee as provided in the next Michigan development act, 2010 PA 275, MCL 125.2951 to 125.2959.

(v) "High-technology activity" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(w) "Initial assessed value" means the assessed value of the eligible property identified in the tax increment financing plan or, for a certified technology park, a certified alternative energy park, or a next Michigan development area, the assessed value of any real and personal property included in the tax increment financing plan, at the time the resolution establishing the tax increment financing plan is approved as shown by the most recent assessment roll for which equalization has been completed at the time the resolution is adopted or, for property that becomes eligible property in other than a certified technology park or a certified alternative energy park after the date the plan is approved, at the time the property becomes eligible property. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. Property for which a specific local tax is paid in lieu of property tax shall not be considered exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of property tax shall be determined as provided in subdivision (hh).

(x) "Michigan economic development corporation" means the public body corporate created under section

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28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal agreement effective April 5, 1999 between local participating economic development corporations formed under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund. If the Michigan economic development corporation is unable for any reason to perform its duties under this act, those duties may be exercised by the Michigan strategic fund.

(y) "Michigan strategic fund" means the Michigan strategic fund as described in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.

(z) "Municipality" means a city, village, or urban township. However, for purposes of creating and operating a certified alternative energy park or a certified technology park, municipality includes townships that are not urban townships.

(aa) "Next Michigan development area" means a portion of an authority district designated by a next Michigan development corporation under section 12e to which a development plan is applicable.

(bb) "Next Michigan development corporation" means that term as defined in section 3 of the next Michigan development act, 2010 PA 275, MCL 125.2953.

(cc) "Obligation" means a written promise to pay, whether evidenced by a contract, agreement, lease, sublease, bond, or note, or a requirement to pay imposed by law. An obligation does not include a payment required solely because of default upon an obligation, employee salaries, or consideration paid for the use of municipal offices. An obligation does not include those bonds that have been economically defeased by refunding bonds issued under this act. Obligation includes, but is not limited to, the following:

(i) A requirement to pay proceeds derived from ad valorem property taxes or taxes levied in lieu of ad valorem property taxes.

(ii) A management contract or a contract for professional services.

(iii) A payment required on a contract, agreement, bond, or note if the requirement to make or assume the payment arose before August 19, 1993.

(iv) A requirement to pay or reimburse a person for the cost of insurance for, or to maintain, property subject to a lease, land contract, purchase agreement, or other agreement.

(v) A letter of credit, paying agent, transfer agent, bond registrar, or trustee fee associated with a contract, agreement, bond, or note.

(dd) "On behalf of an authority", in relation to an eligible advance made by a municipality or an eligible obligation or other protected obligation issued or incurred by a municipality, means in anticipation that an authority would transfer tax increment revenues or reimburse the municipality from tax increment revenues in an amount sufficient to fully make payment required by the eligible advance made by a municipality, or eligible obligation or other protected obligation issued or incurred by the municipality, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

(i) A reimbursement agreement between the municipality and an authority it established.

(ii) A requirement imposed by law that the authority transfer tax increment revenues to the municipality.

(iii) A resolution of the authority agreeing to make payments to the incorporating unit.

(iv) Provisions in a tax increment financing plan describing the project for which the obligation was incurred.

(ee) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii) or (iii), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this subparagraph.

(ii) An obligation issued or incurred by an authority or by a municipality on behalf of an authority after August 19, 1993, but before December 31, 1994, to finance a project described in a tax increment finance plan approved by the municipality in accordance with this act before August 19, 1993, for which a contract for final design is entered into by the municipality or authority before March 1, 1994.

(iii) An obligation incurred by an authority or municipality after August 19, 1993, to reimburse a party to a development agreement entered into by a municipality or authority before August 19, 1993, for a project described in a tax increment financing plan approved in accordance with this act before August 19, 1993, and undertaken and installed by that party in accordance with the development agreement.

(iv) An ongoing management or professional services contract with the governing body of a county that was entered into before March 1, 1994 and that was preceded by a series of limited term management or professional services contracts with the governing body of the county, the last of which was entered into before August 19, 1993.

(ff) "Public facility" means 1 or more of the following:



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(i) A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, transit-oriented facility, transit-oriented development, or other similar or related structure or improvement, together with necessary easements for the structure or improvement. Except for rail lines, utility lines, or pipelines, the structures or improvements described in this subparagraph shall be either owned or used by a public agency, functionally connected to similar or supporting facilities owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity. Any road, street, or bridge shall be continuously open to public access. A public facility shall be located on public property or in a public, utility, or transportation easement or right-of-way.

(ii) The acquisition and disposal of land that is proposed or intended to be used in the development of eligible property or an interest in that land, demolition of structures, site preparation, and relocation costs.

(iii) All administrative and real and personal property acquisition and disposal costs related to a public facility described in subparagraphs (i) and (iv), including, but not limited to, architect's, engineer's, legal, and accounting fees as permitted by the district's development plan.

(iv) An improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

(v) All of the following costs approved by the Michigan economic development corporation:

(A) Operational costs and the costs related to the acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of land and other assets that are or may become eligible for depreciation under the internal revenue code of 1986 for a business incubator located in a certified technology park or certified alternative energy park.

(B) Costs related to the acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of land and other assets that, if privately owned, would be eligible for depreciation under the internal revenue code of 1986 for laboratory facilities, research and development facilities, conference facilities, teleconference facilities, testing, training facilities, and quality control facilities that are or that support eligible property under subdivision (s)(iii), that are owned by a public entity, and that are located within a certified technology park.

(C) Costs related to the acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of land and other assets that, if privately owned, would be eligible for depreciation under the internal revenue code of 1986 for facilities that are or that will support eligible property under subdivision (s)(vi), that have been or will be owned by a public entity at the time such costs are incurred, that are located within a certified alternative energy park, and that have been or will be conveyed, by gift or sale, by such public entity to an alternative energy technology business.

(vi) Operating and planning costs included in a plan pursuant to section 12(1)(f), including costs of marketing property within the district and attracting development of eligible property within the district.

(gg) "Qualified refunding obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority to refund an obligation if the refunding obligation meets both of the following:

(i) The net present value of the principal and interest to be paid on the refunding obligation, including the cost of issuance, will be less than the net present value of the principal and interest to be paid on the obligation being refunded, as calculated using a method approved by the department of treasury.

(ii) The net present value of the sum of the tax increment revenues described in subdivision (jj)(ii) and the distributions under section 11a to repay the refunding obligation will not be greater than the net present value of the sum of the tax increment revenues described in subdivision (jj)(ii) and the distributions under section 11a to repay the obligation being refunded, as calculated using a method approved by the department of treasury.

(hh) "Specific local taxes" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA 189, MCL 211.181 to 211.182, and the technology park development act, 1984 PA 385, MCL

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207.701 to 207.718. The initial assessed value or current assessed value of property subject to a specific local tax is the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

(ii) "State fiscal year" means the annual period commencing October 1 of each year.

(jj) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of eligible property within the district or, for purposes of a certified technology park, a next Michigan development area, or a certified alternative energy park, real or personal property that is located within the certified technology park, a next Michigan development area, or a certified alternative energy park and included within the tax increment financing plan, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions, other than the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts, upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.

(ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an amount equal to the amount necessary, without regard to subparagraph (i), for the following purposes:

(A) To repay eligible advances, eligible obligations, and other protected obligations.

(B) To fund or to repay an advance or obligation issued by or on behalf of an authority to fund the cost of public facilities related to or for the benefit of eligible property located within a certified technology park or a certified alternative energy park to the extent the public facilities have been included in an agreement under section 12a(3), 12b, or 12c(3), not to exceed 50%, as determined by the state treasurer, of the amounts levied by the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local and intermediate school districts for a period, except as otherwise provided in this sub-subparagraph, not to exceed 15 years, as determined by the state treasurer, if the state treasurer determines that the capture under this sub-subparagraph is necessary to reduce unemployment, promote economic growth, and increase capital investment in the municipality. However, upon approval of the state treasurer and the president of the Michigan economic development corporation, a certified technology park may capture under this sub-subparagraph for an additional period of 5 years if the authority agrees to additional reporting requirements and modifies its tax increment financing plan to include regional collaboration as determined by the state treasurer and the president of the Michigan economic development corporation. In addition, upon approval of the state treasurer and the president of the Michigan economic development corporation, if a municipality that has created a certified technology park that has entered into an agreement with another authority that does not contain a certified technology park to designate a distinct geographic area under section 12b, that authority that has created the certified technology park and the associated distinct geographic area may both capture under this sub-subparagraph for an additional period of 15 years as determined by the state treasurer and the president of the Michigan economic development corporation.

(C) To fund the cost of public facilities related to or for the benefit of eligible property located within a next Michigan development area to the extent that the public facilities have been included in a development plan, not to exceed 50%, as determined by the state treasurer, of the amounts levied by the state pursuant to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local and intermediate school districts for a period not to exceed 15 years, as determined by the state treasurer, if the state treasurer determines that the capture under this sub-subparagraph is necessary to reduce unemployment, promote economic growth, and increase capital investment in the authority district.

(iii) Tax increment revenues do not include any of the following:

(A) Ad valorem property taxes or specific local taxes that are excluded from and not made part of the tax increment financing plan. Ad valorem personal property taxes or specific local taxes associated with personal property may be excluded from and may not be part of the tax increment financing plan.

(B) Ad valorem property taxes and specific local taxes attributable to ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority.

(C) Ad valorem property taxes exempted from capture under section 4(3) or specific local taxes attributable to such ad valorem property taxes.

(D) Ad valorem property taxes specifically levied for the payment of principal and interest of obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit or

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specific local taxes attributable to such ad valorem property taxes.

(E) The amount of ad valorem property taxes or specific taxes captured by a downtown development authority under 1975 PA 197, MCL 125.1651 to 125.1681, tax increment financing authority under the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, or brownfield redevelopment authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, if those taxes were captured by these other authorities on the date that the initial assessed value of a parcel of property was established under this act.

(F) Ad valorem property taxes levied under 1 or more of the following or specific local taxes attributable to those ad valorem property taxes:

(I) The zoological authorities act, 2008 PA 49, MCL 123.1161 to 123.1183.

(II) The art institute authorities act, 2010 PA 296, MCL 123.1201 to 123.1229.

(iv) The amount of tax increment revenues authorized to be included under subparagraph (ii), and required to be transmitted to the authority under section 13(1), from ad valorem property taxes and specific local taxes attributable to the application of the levy of the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, or a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be determined separately for the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs (A) and (B):

(A) The percentage that the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.

(B) The maximum amount of ad valorem property taxes and specific local taxes considered tax increment revenues under subparagraph (ii).

(kk) "Transit-oriented development" means infrastructure improvements that are located within 1/2 mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use as determined by the board and approved by the municipality in which it is located.

(ll) "Transit-oriented facility" means a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

(mm) "Urban township" means a township that meets 1 or more of the following:

(i) Meets all of the following requirements:

(A) Has a population of 20,000 or more, or has a population of 10,000 or more but is located in a county with a population of 400,000 or more.

(B) Adopted a master zoning plan before February 1, 1987.

(C) Provides sewer, water, and other public services to all or a part of the township.

(ii) Meets all of the following requirements:

(A) Has a population of less than 20,000.

(B) Is located in a county with a population of 250,000 or more but less than 400,000, and that county is located in a metropolitan statistical area.

(C) Has within its boundaries a parcel of property under common ownership that is 800 acres or larger and is capable of being served by a railroad, and located within 3 miles of a limited access highway.

(D) Establishes an authority before December 31, 1998.

(iii) Meets all of the following requirements:

(A) Has a population of less than 20,000.

(B) Has a state equalized valuation for all real and personal property located in the township of more than \$200,000,000.00.

(C) Adopted a master zoning plan before February 1, 1987.

(D) Is a charter township under the charter township act, 1947 PA 359, MCL 42.1 to 42.34.

(E) Has within its boundaries a combination of parcels under common ownership that is 800 acres or larger, is immediately adjacent to a limited access highway, is capable of being served by a railroad, and is immediately adjacent to an existing sewer line.

(F) Establishes an authority before March 1, 1999.

(iv) Meets all of the following requirements:

(A) Has a population of 13,000 or more.

(B) Is located in a county with a population of 150,000 or more.

(C) Adopted a master zoning plan before February 1, 1987.

(v) Meets all of the following requirements:

(A) Is located in a county with a population of 1,000,000 or more.

(B) Has a written agreement with an adjoining township to develop 1 or more public facilities on



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contiguous property located in both townships.

(C) Has a master plan in effect.

(vi) Meets all of the following requirements:

(A) Has a population of less than 10,000.

(B) Has a state equalized valuation for all real and personal property located in the township of more than \$280,000,000.00.

(C) Adopted a master zoning plan before February 1, 1987.

(D) Has within its boundaries a combination of parcels under common ownership that is 199 acres or larger, is located within 1 mile of a limited access highway, and is located within 1 mile of an existing sewer line.

(E) Has rail service.

(F) Establishes an authority before May 7, 2009.

(vii) Has joined an authority under section 3(2) which is seeking or has entered into an agreement for a certified technology park.

(viii) Has established an authority which is seeking or has entered into an agreement for a certified alternative energy park.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1991, Act 101, Imd. Eff. Aug. 21, 1991;—Am. 1992, Act 287, Imd. Eff. Dec. 18, 1992;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 1994, Act 282, Imd. Eff. July 11, 1994;—Am. 1994, Act 331, Imd. Eff. Oct. 14, 1994;—Am. 1996, Act 270, Imd. Eff. June 12, 1996;—Am. 1998, Act 1, Imd. Eff. Jan. 30, 1998;—Am. 1998, Act 92, Imd. Eff. May 14, 1998;—Am. 2000, Act 248, Imd. Eff. June 29, 2000;—Am. 2003, Act 20, Imd. Eff. June 20, 2003;—Am. 2004, Act 17, Imd. Eff. Mar. 4, 2004;—Am. 2007, Act 200, Imd. Eff. Dec. 27, 2007;—Am. 2009, Act 162, Imd. Eff. Dec. 14, 2009;—Am. 2010, Act 239, Imd. Eff. Dec. 14, 2010;—Am. 2010, Act 276, Imd. Eff. Dec. 15, 2010;—Am. 2010, Act 376, Imd. Eff. Dec. 22, 2010;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012;—Am. 2013, Act 62, Imd. Eff. June 18, 2013.

### **125.2153 Authority; establishment by municipality; establishment by next Michigan development corporation; limitation; powers.**

Sec. 3. (1) Except as otherwise provided by subsection (2), a municipality may establish not more than 1 authority under the provisions of this act. An authority established under this subsection shall exercise its powers in all authority districts.

(2) In addition to an authority established under subsection (1), a municipality may join with 1 or more other municipalities located within the same county to establish an authority under this act. An authority created under this subsection may only exercise its powers in a certified technology park designated in an agreement made under section 12a or 12b or in a certified alternative energy park designated in an agreement under section 12c. A municipality shall not establish more than 1 authority under this subsection.

(3) A next Michigan development corporation may establish not more than 1 authority under the provisions of this act. An authority established under this subsection shall exercise its powers within its authority district and in all next Michigan development areas. The authority district in which the authority may exercise its powers shall include all or part of the territory of a next Michigan development corporation, as determined by the governing body of the next Michigan development corporation.

(4) The authority shall be a public body corporate which may sue and be sued in any court of this state. The authority possesses all the powers necessary to carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of the authority. The powers granted in this act to an authority may be exercised notwithstanding that bonds are not issued by the authority.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 2000, Act 248, Imd. Eff. June 29, 2000;—Am. 2009, Act 162, Imd. Eff. Dec. 14, 2009;—Am. 2010, Act 276, Imd. Eff. Dec. 15, 2010;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012.

### **125.2154 Resolution of intent; notice of public hearing; hearing; resolution exempting taxes from capture; resolution establishing authority and designating boundaries; filing and publication; alteration or amendment of boundaries; validity of proceedings; establishment of authority by 2 or more municipalities; procedures to be followed by next Michigan development corporation.**

Sec. 4. (1) The governing body of a municipality may declare by resolution adopted by a majority of its members elected and serving its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body proposing to create the authority shall set a date for holding a public hearing on the adoption of a proposed resolution creating the authority and designating the boundaries of the authority district or districts. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 nor more than 40 days before the date of

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the hearing. Except as otherwise provided in subsection (8), not less than 20 days before the hearing, the governing body proposing to create the authority shall also mail notice of the hearing to the property taxpayers of record in a proposed authority district and, for a public hearing to be held after February 15, 1994, to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Beginning June 1, 2005, the notice of hearing within the time frame described in this subsection shall be mailed by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Failure of a property taxpayer to receive the notice shall not invalidate these proceedings. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed authority district or districts. At that hearing, a resident, taxpayer, or property owner from a taxing jurisdiction in which the proposed district is located or an official from a taxing jurisdiction with millage that would be subject to capture has the right to be heard in regard to the establishment of the authority and the boundaries of that proposed authority district. The governing body of the municipality in which a proposed district is to be located shall not incorporate land into an authority district not included in the description contained in the notice of public hearing, but it may eliminate lands described in the notice of public hearing from an authority district in the final determination of the boundaries.

(3) Except as otherwise provided in subsection (8), not more than 60 days after a public hearing held after February 15, 1994, the governing body of a taxing jurisdiction with millage that would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. However, a resolution by a governing body of a taxing jurisdiction to exempt its taxes from capture is not effective for the capture of taxes that are used for a certified technology park or a certified alternative energy park. The resolution takes effect when filed with that clerk and remains effective until a copy of a resolution rescinding that resolution is filed with that clerk.

(4) Except as otherwise provided in subsection (8), not less than 60 days after the public hearing or a shorter period as determined by the governing body for a certified technology park or a certified alternative energy park, if the governing body creating the authority intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members elected and serving, a resolution establishing the authority and designating the boundaries of the authority district or districts within which the authority shall exercise its powers. The adoption of the resolution is subject to any applicable statutory or charter provisions with respect to the approval or disapproval of resolutions by the chief executive officer of the municipality and the adoption of a resolution over his or her veto. This resolution shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

(5) The governing body may alter or amend the boundaries of an authority district to include or exclude lands from that authority district or create new authority districts pursuant to the same requirements prescribed for adopting the resolution creating the authority.

(6) The validity of the proceedings establishing an authority shall be conclusive unless contested in a court of competent jurisdiction within 60 days after the last of the following takes place:

(a) Publication of the resolution creating the authority as adopted.

(b) Filing of the resolution creating the authority with the secretary of state.

(7) Except as otherwise provided by this subsection, if 2 or more municipalities desire to establish an authority under section 3(2), each municipality in which the authority district will be located shall comply with the procedures prescribed by this act. The notice required by subsection (2) may be published jointly by the municipalities establishing the authority. The resolutions establishing the authority shall include, or shall approve an agreement including, provisions governing the number of members on the board, the method of appointment, the members to be represented by governmental units or agencies, the terms of initial and subsequent appointments to the board, the manner in which a member of the board may be removed for cause before the expiration of his or her term, the manner in which the authority may be dissolved, and the disposition of assets upon dissolution. An authority described in this subsection shall not be considered established unless all of the following conditions are satisfied:

(a) A resolution is approved and filed with the secretary of state by each municipality in which the authority district will be located.

(b) The same boundaries have been approved for the authority district by the governing body of each municipality in which the authority district will be located.

(c) The governing body of the county in which a majority of the authority district will be located has approved by resolution the creation of the authority.

(8) For an authority created under section 3(3), except as otherwise provided by this subsection, the next

Michigan development corporation shall comply with the procedures prescribed for a municipality by subsections (1) and (2) and this subsection. The provisions of subsections (3) and (4) shall not apply to an authority exercising its powers under section 3(3). The notice required by subsection (2) may be published by the next Michigan development corporation in a newspaper or newspapers of general circulation within the municipalities which are constituent members of the next Michigan development corporation, and notice shall not be required to be mailed to the property taxpayers of record in the proposed authority district. The governing body of the next Michigan development corporation shall be the governing body of the authority. A taxing jurisdiction levying ad valorem taxes within the authority district that would otherwise be subject to capture which is not a party to the intergovernmental agreement may exempt its taxes from capture by adopting a resolution to that effect and filing a copy not more than 60 days after the public hearing with the recording officer of the next Michigan development corporation. The next Michigan development corporation shall mail notice of the public hearing to the governing body of each taxing jurisdiction which is not a party to the intergovernmental agreement not less than 20 days before the hearing. Following the public hearing, the governing body of the next Michigan development corporation shall adopt a resolution designating the boundaries of the authority district within which the authority shall exercise its powers, which may include any certified technology park within the proposed authority district in accordance with this subsection and may include property adjacent to or within 1,500 feet of a road classified as an arterial or collector according to the federal highway administration manual "Highway Functional Classification - Concepts, Criteria and Procedures" or of another road in the discretion of the next Michigan development corporation, and property adjacent to that property within the territory of the next Michigan development corporation, as provided in the resolution. The resolution shall be effective when adopted, shall be filed with the secretary of state and the president of the Michigan strategic fund promptly after its adoption, and shall be published at least once in a newspaper of general circulation in the territory of the next Michigan development corporation. If an authority district designated under this subsection or subsequently amended includes a certified technology park which is within the authority district of another authority and which is subject to an existing development plan or tax increment financing plan, then that certified technology park may be considered to be under the jurisdiction of the authority established under section 3(3) if so provided in a resolution of the authority established under section 3(3) and if approved by resolution of the governing body of the municipality which created the other authority, and by the president of the Michigan strategic fund. If so provided and approved, then the development plan and tax increment financing plan applicable to the certified technology park, including all assets and obligations under the plans, shall be considered assigned and transferred from the other authority to the authority created under section 3(3), and the initial assessed value of the certified technology park prior to the transfer shall remain the initial assessed value of the certified technology park following the transfer. The transfer shall be effective as of the later of the effective date of the resolution of the authority established under section 3(3), the resolution approved by the governing body of the municipality which created the other authority, and the approval of the president of the Michigan strategic fund.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 2000, Act 248, Imd. Eff. June 29, 2000;—Am. 2005, Act 15, Imd. Eff. May 4, 2005;—Am. 2010, Act 276, Imd. Eff. Dec. 15, 2010;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012

**125.2155 Board; appointment, qualification, and terms of members; vacancy; reimbursement for expenses; chairperson; oath of office; rules; procedure; meetings; removal of member; publicizing expense items; financial records open to public; subsections (1) and (5) inapplicable to certain authority.**

Sec. 5. (1) The authority shall be under the supervision and control of a board of 7 members appointed by the chief executive officer of the city, village, or urban township creating the authority subject to the approval of the governing body creating the authority. The board shall include 1 member appointed by the county board of commissioners of the county in which the authority is located. The board shall include 1 member representing a community or junior college in whose district the authority is located appointed by the chief executive officer of that community or junior college. The board shall also include 2 members appointed by the chief executive officer of each local governmental unit, other than the city, village, or urban township creating the authority, which levied 20% or more of the ad valorem property taxes levied against all property located in an authority district in the year before the year in which the authority district is established. However, those additional members shall only vote on matters relating to authority districts located within their respective local unit of government. Of the members first appointed, an equal number, as near as possible, shall have terms designated by the governing body creating the authority of 1 year, 2 years, 3 years, and 4 years. However, a member shall hold office until the member's successor is appointed. After the first

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appointment, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made in the same manner as the original appointment. An appointment to fill an unexpired term shall be for the unexpired portion of the term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

(2) The chairperson of the board shall be elected by the board.

(3) Before assuming the duties of office, a member shall qualify by taking and subscribing to the constitutional oath of office.

(4) The board shall adopt rules governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held when called in the manner provided in the rules of the board. Meetings of the board shall be open to the public, in accordance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(5) Subject to notice and an opportunity to be heard, a member of the board may be removed before the expiration of his or her term for cause by the governing body. Removal of a member is subject to review by the circuit court.

(6) All expense items of the authority shall be publicized annually and the financial records shall be open to the public pursuant to the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(7) The provisions of subsections (1) and (5) of this section shall not apply to an authority exercising its powers under section 3(3).

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 2010, Act 276, Imd. Eff. Dec. 15, 2010.

### **125.2156 Director, employment; compensation; term; oath of office; bond; chief executive officer; duties; acting director; appointment or employment, compensation, and duties of treasurer; appointment or employment, compensation, and duties of secretary; legal counsel; employment of other personnel; municipal retirement and insurance programs.**

Sec. 6. (1) The board may employ and fix the compensation of a director, subject to the approval of the governing body creating the authority. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of the office, the director shall take and subscribe to the constitutional oath of office and shall furnish bond by posting a bond in the penal sum determined in the resolution establishing the authority. The bond shall be payable to the authority for the use and benefit of the authority, approved by the board, and filed with the clerk of the municipality. The premium on the bond shall be considered an operating expense of the authority, payable from funds available to the authority for expenses of operation. The director shall be the chief executive officer of the authority. Subject to the approval of the board, the director shall supervise and be responsible for the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board and shall render to the board and to the governing body a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of the office, the acting director shall take and subscribe to the constitutional oath of office and furnish bond as required of the director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may appoint or employ and fix the compensation of a treasurer who shall keep the financial records of the authority and who, together with the director, if a director is appointed, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform other duties as may be delegated by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may appoint or employ and fix the compensation of a secretary who shall maintain custody of the official seal and of records, books, documents, or other papers not required to be maintained by the treasurer. The secretary shall attend meetings of the board and keep a record of its proceedings and shall perform other duties as may be delegated by the board.

(4) The board may retain legal counsel to advise the board in the proper performance of its duties. The legal counsel may represent the authority in actions brought by or against the authority.

(5) The board may employ other personnel considered necessary by the board.

(6) The employees of an authority may be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees on the same basis as civil service employees.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2157 Powers of board generally.**

Sec. 7. The board may:

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(a) Study and analyze unemployment, underemployment, and joblessness and the impact of growth upon the authority district or districts.

(b) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility.

(c) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, to promote the growth of the authority district or districts, and take the steps that are necessary to implement the plans to the fullest extent possible to create jobs, and promote economic growth.

(d) Implement any plan of development necessary to achieve the purposes of this act in accordance with the powers of the authority as granted by this act.

(e) Make and enter into contracts necessary or incidental to the exercise of the board's powers and the performance of its duties.

(f) Acquire by purchase or otherwise on terms and conditions and in a manner the authority considers proper, own or lease as lessor or lessee, convey, demolish, relocate, rehabilitate, or otherwise dispose of real or personal property, or rights or interests in that property, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect to the property.

(g) Improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, or operate a building, and any necessary or desirable appurtenances to a building, as provided in section 12(2) for the use, in whole or in part, of a public or private person or corporation, or a combination thereof.

(h) Fix, charge, and collect fees, rents, and charges for the use of a building or property or a part of a building or property under the board's control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.

(i) Lease a building or property or part of a building or property under the board's control.

(j) Accept grants and donations of property, labor, or other things of value from a public or private source.

(k) Acquire and construct public facilities.

(l) Incur costs in connection with the performance of the board's authorized functions including, but not limited to, administrative costs, and architects, engineers, legal, and accounting fees.

(m) Plan, propose, and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994.

**Administrative rules:** R 408.30401 et seq. of the Michigan Administrative Code.

### **125.2158 Authority as instrumentality of political subdivision.**

Sec. 8. The authority shall be considered an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2159 Taking, transfer, and use of private property.**

Sec. 9. A municipality may take private property under the uniform condemnation procedures act, Act No. 87 of the Public Acts of 1980, being sections 213.51 to 213.77 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use as authorized in the development plan, on terms and conditions it considers appropriate. The taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2160 Financing activities of authority.**

Sec. 10. The activities of the authority shall be financed from 1 or more of the following sources:

(a) Contributions to the authority for the performance of its functions.

(b) Revenues from any property, building, or facility owned, leased, licensed, or operated by the authority or under its control, subject to the limitations imposed upon the authority by trusts or other agreements.

(c) Tax increment revenues received pursuant to a tax increment financing plan established under sections 12 to 14.

(d) Proceeds of tax increment bonds issued pursuant to section 14.

(e) Proceeds of revenue bonds issued pursuant to section 11.

(f) Money obtained from any other legal source approved by the governing body of the municipality or



otherwise authorized by law for use by the authority or the municipality to finance a development program.

(g) Money obtained pursuant to section 11a.

(h) Loans from the Michigan strategic fund or the Michigan economic development corporation.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 2000, Act 248, Imd. Eff. June 29, 2000.

### **125.2161 Revenue bonds.**

Sec. 11. (1) The authority may borrow money and issue its negotiable revenue bonds pursuant to the revenue bond act of 1933, Act No. 94 of the Public Acts of 1933, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Except as provided in subsection (2), revenue bonds issued by the authority shall not be considered a debt of the municipality or of the state.

(2) The municipality by a majority vote of the members of its governing body may make a limited tax pledge to support the authority's revenue bonds or, if authorized by the voters of the municipality, may pledge its full faith and credit to support the authority's revenue bonds.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2161a Insufficient tax increment revenues for repayment of advance or payment of obligation; appropriation; filing claim; information required in claim; distributions; determination of amounts; limitations; distribution subject to lien; indebtedness, liability, or obligation; certification of distribution amount; basis for calculation of distributions and claims reports; use of 12-month debt payment period.**

Sec. 11a. (1) If the amount of tax increment revenues lost as a result of the reduction of taxes levied by local school districts for school operating purposes required by the millage limitations under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, reduced by the amount of tax increment revenues received from the capture of taxes levied under or attributable to the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause the tax increment revenues received in a fiscal year by an authority under section 13 to be insufficient to repay an eligible advance or to pay an eligible obligation, the legislature shall appropriate and distribute to the authority the amount described in subsection (5).

(2) Not less than 30 days before the first day of a fiscal year, an authority eligible to retain tax increment revenues from taxes levied by a local or intermediate school district or this state or to receive a distribution under this section for that fiscal year shall file a claim with the department of treasury. The claim shall include the following information:

(a) The property tax millage rates levied in 1993 by local school districts within the jurisdictional area of the authority for school operating purposes.

(b) The property tax millage rates expected to be levied by local school districts within the jurisdictional area of the authority for school operating purposes for that fiscal year.

(c) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual property tax levies of all taxing jurisdictions within the jurisdictional area of the authority plus any tax increment revenues the authority would have received for the fiscal year from property that is exempt from taxation pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's taxable value at the time the zone is designated.

(d) The tax increment revenues the authority estimates it would have received for that fiscal year if property taxes were levied by local school districts within the jurisdictional area of the authority for school operating purposes at the millage rates described in subdivision (a) and if no property taxes were levied by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(e) A list and documentation of eligible obligations and eligible advances and the payments due on each of those eligible obligations or eligible advances in that fiscal year, and the total amount of all the payments due on those eligible obligations and eligible advances in that fiscal year.

(f) The amount of money, other than tax increment revenues, estimated to be received in that fiscal year by the authority that is primarily pledged to, and to be used for, the payment of an eligible obligation or the repayment of an eligible advance. That amount shall not include excess tax increment revenues of the authority that are permitted by law to be retained by the authority for purposes that further the development program. However, that amount shall include money to be obtained from sources authorized by law, which law is enacted on or after December 1, 1993, for use by the municipality or authority to finance a development project.

(g) The amount of a distribution received pursuant to this act for a fiscal year in excess of or less than the distribution that would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(h) A list and documentation of other protected obligations and the payments due on each of those other

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protected obligations in that fiscal year, and the total amount of all the payments due on those other protected obligations in that fiscal year.

(3) For the fiscal year that commences after September 30, 1993 and before October 1, 1994, an authority may make a claim with all information required by subsection (2) at any time after March 15, 1994.

(4) After review and verification of claims submitted pursuant to this section, amounts appropriated by the state in compliance with this act shall be distributed as 2 equal payments on March 1 and September 1 after receipt of a claim. An authority shall allocate a distribution it receives for an eligible obligation issued on behalf of a municipality to the municipality.

(5) Subject to subsections (6) and (7), the aggregate amount to be appropriated and distributed pursuant to this section to an authority shall be the sum of the amounts determined pursuant to subdivisions (a) and (b) minus the amount determined pursuant to subdivision (c), as follows:

(a) The amount by which the tax increment revenues the authority would have received for the fiscal year, if property taxes were levied by local school districts on property, including property that is exempt from taxation pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's taxable value at the time the zone is designated, for school operating purposes at the millage rates described in subsection (2)(a) and if no property taxes were levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, exceed the sum of tax increment revenues the authority actually received for the fiscal year plus any tax increment revenues the authority would have received for the fiscal year from property that is exempt from taxation pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's taxable value at the time the zone is designated.

(b) A shortfall required to be reported pursuant to subsection (2)(g) that had not previously increased a distribution.

(c) An excess amount required to be reported pursuant to subsection (2)(g) that had not previously decreased a distribution.

(6) The amount distributed under subsection (5) shall not exceed the difference between the amount described in subsection (2)(e) and the sum of the amounts described in subsection (2)(c) and (f).

(7) If, based upon the tax increment financing plan in effect on August 19, 1993, the payment due on eligible obligations or eligible advances anticipates the use of excess prior year tax increment revenues permitted by law to be retained by the authority, and if the sum of the amounts described in subsection (2)(c) and (f) plus the amount to be distributed under subsections (5) and (6) is less than the amount described in subsection (2)(e), the amount to be distributed under subsections (5) and (6) shall be increased by the amount of the shortfall. However, the amount authorized to be distributed pursuant to this section shall not exceed that portion of the cumulative difference, for each preceding fiscal year, between the amount that could have been distributed pursuant to subsection (5) and the amount actually distributed pursuant to subsections (5) and (6) and this subsection.

(8) A distribution under this section replacing tax increment revenues pledged by an authority or a municipality is subject to the lien of the pledge, whether or not there has been physical delivery of the distribution.

(9) Obligations for which distributions are made pursuant to this section are not a debt or liability of this state; do not create or constitute an indebtedness, liability, or obligation of this state; and are not and do not constitute a pledge of the faith and credit of this state.

(10) Not later than July 1 of each year, the authority shall certify to the local tax collecting treasurer the amount of the distribution required under subsection (5), calculated without regard to the receipt of tax increment revenues attributable to local or intermediate school district operating taxes or attributable to taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906.

(11) Calculations of distributions under this section and claims reports required to be made under subsection (2) shall be made on the basis of each development area of the authority.

(12) The state tax commission may provide that the reimbursement calculations under this section and the calculation of allowable capture of school taxes shall be made for each calendar year's tax increment revenues using a 12-month debt payment period used by the authority and approved by the state tax commission.

**History:** Add. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 1994, Act 282, Imd. Eff. July 11, 1994;—Am. 1996, Act 270, Imd. Eff. June 12, 1996;—Am. 1996, Act 452, Imd. Eff. Dec. 19, 1996;—Am. 1998, Act 1, Imd. Eff. Jan. 30, 1998.

**125.2161b Retention and payment of taxes levied under state education tax act; conditions; application by authority for approval; information to be included; approval, modification, or denial of application by department of treasury; appropriation and distribution of amount; calculation of aggregate amount; lien; reimbursement calculations; legislative**

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### **intent.**

Sec. 11b. (1) If the amount of tax increment revenues lost as a result of the personal property tax exemptions provided by section 1211(4) of the revised school code, 1976 PA 451, MCL 380.1211, section 3 of the state education tax act, 1993 PA 331, MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will reduce the allowable school tax capture received in a fiscal year, then, notwithstanding any other provision of this act, the authority, with approval of the department of treasury under subsection (3), may request the local tax collecting treasurer to retain and pay to the authority taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used for the following:

- (a) To repay an eligible advance.
- (b) To repay an eligible obligation.
- (c) To repay an other protected obligation.

(d) To pay an advance or an obligation identified in a development plan, or an amendment to that plan for property located in a certified technology park approved by board of the authority not later than 90 days after July 19, 2010 if the plan contains all of the following and the plan for the capture of school taxes has been approved within 1 year after July 19, 2010:

- (i) A detailed description of the project.
- (ii) A statement of the estimated cost of the project.
- (iii) The specific location of the project.
- (iv) The name of any developer of the project.

(e) To pay an advance or an obligation identified in a development plan, or an amendment to that plan for property located in a certified alternative energy park approved by the board of the authority if the plan contains all of the following and the plan for the capture of school taxes has been approved not later than December 31, 2012:

- (i) A detailed description of the project.
- (ii) A statement of the estimated cost of the project.
- (iii) The specific location of the project.
- (iv) The name of any developer of the project.

(2) Not later than June 15, 2008, not later than September 30, 2009, and not later than June 1 of each subsequent year, an authority eligible under subsection (1) to have taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the authority under this section, shall apply for approval with the department of treasury. The application for approval shall include the following information:

(a) The property tax millage rates expected to be levied by local school districts within the jurisdictional area of the authority for school operating purposes for that fiscal year.

(b) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual property tax levies of all taxing jurisdictions within the jurisdictional area of the authority.

(c) The tax increment revenues the authority estimates it would have received for that fiscal year if the personal property tax exemptions described in subsection (1) were not in effect.

(d) A list of eligible obligations, eligible advances, other protected obligations, and advances and obligations described in subsection (1)(d) for expenditures authorized in a certified technology park or described in subsection (1)(e) for expenditures authorized in a certified alternative energy park; the payments due on each of those in that fiscal year; and the total amount of payments due on all of those in that fiscal year.

(e) The amount of money, other than tax increment revenues, estimated to be received in that fiscal year by the authority that is primarily pledged to, and to be used for, the payment of an eligible obligation, the repayment of an eligible advance, the payment of another protected obligation, the payment of obligations or advances described in subsection (1)(d) for expenditures authorized in a certified technology park, or the payment of obligations or advances described in subsection (1)(e) for expenditures authorized in a certified alternative energy park. That amount shall not include excess tax increment revenues of the authority that are permitted by law to be retained by the authority for purposes that further the development program. However, that amount shall include money to be obtained from sources authorized by law, which law is enacted on or after December 1, 1993, for use by the municipality or authority to finance a development plan.

(f) The amount of a distribution received pursuant to this act for a fiscal year in excess of or less than the distribution that would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(3) Not later than August 15, 2008; for 2009 only, not later than 30 days after the effective date of the



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amendatory act that amended this sentence; and not later than August 15 of each subsequent year, based on the calculations under subsection (5), the department of treasury shall approve, modify, or deny the application for approval to have taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the authority under this section. If the application for approval contains the information required under subsection (2)(a) through (f) and appears to be in substantial compliance with the provisions of this section, then the department of treasury shall approve the application. If the application is denied by the department of treasury, then the department of treasury shall provide the opportunity for a representative of the authority to discuss the denial within 21 days after the denial occurs and shall sustain or modify its decision within 30 days after receiving information from the authority. If the application for approval is approved or modified by the department of treasury, the local tax collecting treasurer shall retain and pay to the authority the amount described in subsection (5) as approved by the department. If the department of treasury denies the authority's application for approval, the local tax collecting treasurer shall not retain or pay to the authority the taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the department does not prohibit a subsequent audit of taxes retained in accordance with the procedures currently authorized by law.

(4) Each year, the legislature shall appropriate and distribute an amount sufficient to pay each authority the following:

(a) If the amount to be retained and paid under subsection (3) is less than the amount calculated under subsection (5), the difference between those amounts.

(b) If the application for approval is denied by the department of treasury, an amount verified by the department equal to the amount calculated under subsection (5).

(5) Subject to subsection (6), the aggregate amount under this section shall be the sum of the amounts determined under subdivisions (a) and (b) minus the amount determined under subdivision (c), as follows:

(a) The amount by which the tax increment revenues the authority would have received and retained for the fiscal year, excluding taxes exempt under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax exemptions described in subsection (1) were not in effect, exceed the tax increment revenues the authority actually received for the fiscal year.

(b) A shortfall required to be reported under subsection (2)(f) that had not previously increased a distribution.

(c) An excess amount required to be reported under subsection (2)(f) that had not previously decreased a distribution.

(6) A distribution or taxes retained under this section replacing tax increment revenues pledged by an authority or a municipality are subject to any lien of the pledge described in subsection (1), whether or not there has been physical delivery of the distribution.

(7) Obligations for which distributions are made under this section are not a debt or liability of this state; do not create or constitute an indebtedness, liability, or obligation of this state; and are not and do not constitute a pledge of the faith and credit of this state.

(8) Not later than September 15 of each year, the authority shall provide a copy of the application for approval approved by the department of treasury to the local tax collecting treasurer and provide the amount of the taxes retained and paid to the authority under subsection (5).

(9) Calculations of amounts retained and paid and appropriations to be distributed under this section shall be made on the basis of each development area of the authority.

(10) The state tax commission may provide that the reimbursement calculations under this section and the calculation of allowable capture of school taxes shall be made for each calendar year's tax increment revenues using a 12-month debt payment period used by the authority and approved by the state tax commission.

(11) It is the intent of the legislature that, to the extent that the total amount of taxes levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be retained under this section and section 15a of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a, section 12b of the tax increment financing act, 1980 PA 450, MCL 125.1812b, and section 13c of 1975 PA 197, MCL 125.1663c, exceeds the difference of the total school aid fund revenue for the tax year minus the estimated amount of revenue the school aid fund would have received for the tax year had the tax exemptions described in subsection (1) and the earmark created by section 515 of the Michigan business tax act, 2007 PA 36, MCL 208.1515, not taken effect, the general fund shall reimburse the school aid fund the difference.

**History:** Add. 2008, Act 155, Imd. Eff. June 5, 2008;—Am. 2010, Act 127, Imd. Eff. July 19, 2010;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012.

### **125.2162 Tax increment financing plan.**

Sec. 12. (1) If the board determines that it is necessary for the achievement of the purposes of this act, the

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board shall prepare and submit a tax increment financing plan to the governing body. The plan shall be in compliance with section 13 and shall include a development plan as provided in section 15. The plan shall also contain the following:

(a) A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected. The reasons may include, but are not limited to, activities of the municipality, authority, or others undertaken before formulation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means.

(b) An estimate of the captured assessed value for each year of the plan. The plan may provide for the use of part or all of the captured assessed value or, subject to subsection (3), of the tax increment revenues attributable to the levy of any taxing jurisdiction, but the portion intended to be used shall be clearly stated in the plan. The board or the municipality creating the authority may exclude from captured assessed value a percentage of captured assessed value as specified in the plan or growth in property value resulting solely from inflation. If excluded, the plan shall set forth the method for excluding growth in property value resulting solely from inflation.

(c) The estimated tax increment revenues for each year of the plan.

(d) A detailed explanation of the tax increment procedure.

(e) The maximum amount of note or bonded indebtedness to be incurred, if any.

(f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, and the amount of advances by others to be repaid from tax increment revenues.

(g) The costs of the plan anticipated to be paid from tax increment revenues as received.

(h) The duration of the development plan and the tax increment plan.

(i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is or is anticipated to be located.

(j) A legal description of the eligible property to which the tax increment financing plan applies or shall apply upon qualification as eligible property.

(k) An estimate of the number of jobs to be created as a result of implementation of the tax increment financing plan.

(l) The proposed boundaries of a certified technology park to be created under an agreement proposed to be entered into pursuant to section 12a, or of a certified alternative energy park to be created under an agreement proposed to be entered into pursuant to section 12c, or of a next Michigan development area designated under section 12e, an identification of the real property within the certified technology park, the certified alternative energy park, or the next Michigan development area to be included in the tax increment financing plan for purposes of determining tax increment revenues, and whether personal property located in the certified technology park, the certified alternative energy park, or the next Michigan development area is exempt from determining tax increment revenues.

(2) Except as provided in subsection (7), a tax increment financing plan shall provide for the use of tax increment revenues for public facilities for eligible property whose captured assessed value produces the tax increment revenues or, to the extent the eligible property is located within a business development area or a next Michigan development area, for other eligible property located in the business development area or the next Michigan development area. Public facilities for eligible property include the development or improvement of access to and around, or within the eligible property, of road facilities reasonably required by traffic flow to be generated by the eligible property, and the development or improvement of public facilities that are necessary to service the eligible property, whether or not located on that eligible property. If the eligible property identified in the tax increment financing plan is property to which section 2(p)(iv) applies, the tax increment financing plan shall not provide for the use of tax increment revenues for public facilities other than those described in the development plan as of April 1, 1991. Whether or not provided in the tax increment financing plan, if the eligible property identified in the tax increment financing plan is property to which section 2(s)(iv) applies, then to the extent that captured tax increment revenues are utilized for the costs of cleanup of identified soil and groundwater contamination, the captured tax increment revenues shall be first credited against the shares of responsibility for the total costs of cleanup of uncollectible parties who are responsible for the identified soil and groundwater contamination pursuant to law, and then shall be credited on a pro rata basis against the shares of responsibility for the total costs of cleanup of other parties who are responsible for the identified soil and groundwater contamination pursuant to law.

(3) The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan and the tax increment financing plans under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, and the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, shall not be greater than

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the percentage capture and use of taxes levied by a municipality or county for operating purposes under the tax increment financing plan and tax increment financing plans under 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, and the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, 1933 PA 62, MCL 211.201 to 211.217a.

(4) Except as otherwise provided by this subsection, approval of the tax increment financing plan shall be in accordance with the notice, hearing, disclosure, and approval provisions of sections 16 and 17. If the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together. For a plan submitted by an authority established by 2 or more municipalities under sections 3(2) and 4(7) or by an authority established by a next Michigan development corporation under sections 3(3) and 4(8), the notice required by section 16 may be published jointly by the municipalities in which the authority district is located or by the next Michigan development corporation. For a plan submitted by an authority exercising its powers under sections 3(2) and 4(7), the plan shall not be considered approved unless each governing body in which the authority district is located makes the determinations required by section 17 and approves the same plan, including the same modifications, if any, made to the plan by any other governing body. A plan submitted by an authority exercising its powers under sections 3(3) and 4(8) shall be approved if the governing body of the next Michigan development corporation makes the determinations required by section 17.

(5) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to express their views and recommendations regarding the tax increment financing plan. The authority shall fully inform the taxing jurisdictions about the fiscal and economic implications of the proposed tax increment financing plan. The taxing jurisdictions may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the taxing jurisdictions and the governing body of the municipality in which the authority district is located to share a portion of the captured assessed value of the district or to distribute tax increment revenues among taxing jurisdictions. Upon adoption of the plan, the collection and transmission of the amount of tax increment revenues, as specified in this act, shall be binding on all taxing units levying ad valorem property taxes or specific local taxes against property located in the authority district.

(6) Property qualified as a public facility under section 2(ff)(ii) that is acquired by an authority may be sold, conveyed, or otherwise disposed to any person, public or private, for fair market value or reasonable monetary consideration established by the authority with the concurrence of the Michigan economic development corporation and the municipality in which the eligible property is located based on a fair market value appraisal from a fee appraiser only if the property is sold for fair market value. Unless the property acquired by an authority was located within a certified business park, a certified technology park, a certified alternative energy park, or a next Michigan development area at the time of disposition, an authority shall remit all monetary proceeds received from the sale or disposition of property that qualified as a public facility under section 2(ff)(ii) and was purchased with tax increment revenues to the taxing jurisdictions. Proceeds distributed to taxing jurisdictions shall be remitted in proportion to the amount of tax increment revenues attributable to each taxing jurisdiction in the year the property was acquired. If the property was acquired in part with funds other than tax increment revenues, only that portion of the monetary proceeds received upon disposition that represent the proportion of the cost of acquisition paid with tax increment revenues is required to be remitted to taxing jurisdictions. If the property is located within a certified business park, a certified technology park, or a certified alternative energy park, or a next Michigan development area at the time of disposition, the monetary proceeds received from the sale or disposition of that property may be retained by the authority for any purpose necessary to further the development program for the certified business park, certified technology park, certified alternative energy park, or next Michigan development area in accordance with the tax increment financing plan.

(7) The tax increment financing plan may provide for the use of tax increment revenues from a certified technology park for public facilities for any eligible property located in the certified technology park. The tax increment financing plan may provide for the use of tax increment revenues from a certified alternative energy park for public facilities for any eligible property located in the certified alternative energy park. The tax increment financing plan may provide for the use of tax increment revenues within or without the development area from which the tax increment revenues are derived, provided that the tax increment revenues shall be used for public facilities within a next Michigan development area within the municipality whose levy has contributed to the tax increment revenues except as otherwise provided in the interlocal agreement creating the next Michigan development corporation that established the authority.

(8) If title to property qualified as a public facility under section 2(ff)(ii) and acquired by an authority with tax increment revenues is sold, conveyed, or otherwise disposed of pursuant to subsection (6) for less than fair market value, the authority shall enter into an agreement relating to the use of the property with the person to whom the property is sold, conveyed, or disposed of, which agreement shall include a penalty provision addressing repayment to the authority if any interest in the property is sold, conveyed, or otherwise disposed of by the person within 12 years after the person received title to the property from the authority. This subsection shall not require enforcement of a penalty provision for a conveyance incident to a merger, acquisition, reorganization, sale-lease back transaction, employee stock ownership plan, or other change in corporate or business form or structure.

(9) The penalty provision described in subsection (8) shall not be less than an amount equal to the difference between the fair market value of the property when originally sold, conveyed, or otherwise disposed of and the actual consideration paid by the person to whom the property was originally sold, conveyed, or otherwise disposed of.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1991, Act 101, Imd. Eff. Aug. 21, 1991;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 2000, Act 248, Imd. Eff. June 29, 2000;—Am. 2009, Act 162, Imd. Eff. Dec. 14, 2009;—Am. 2010, Act 276, Imd. Eff. Dec. 15, 2010;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012.

**125.2162a Designation as certified technology park; application to Michigan economic development corporation; agreement; determination of sale price or rental value for public facilities; inclusion of legal and equitable remedies and rights; marketing services; additional certified technology parks; priority to certain applications; duties of state.**

Sec. 12a. (1) A municipality that has created an authority may apply to the Michigan economic development corporation for designation of all or a portion of the authority district as a certified technology park and to enter into an agreement governing the terms and conditions of the designation. The form of the application shall be in a form specified by the Michigan economic development corporation and shall include information the Michigan economic development corporation determines necessary to make the determinations required under this section.

(2) After receipt of an application, the Michigan economic development corporation may designate, pursuant to an agreement entered into under subsection (3), a certified technology park that is determined by the Michigan economic development corporation to satisfy 1 or more of the following criteria based on the application:

(a) A demonstration of significant support from an institution of higher education, a private research-based institute, or a large, private corporate research and development center located within the proximity of the proposed certified technology park, as evidenced by, but not limited to, the following types of support:

(i) Grants of preferences for access to and commercialization of intellectual property.

(ii) Access to laboratory and other facilities owned by or under control of the institution of higher education or private research-based institute.

(iii) Donations of services.

(iv) Access to telecommunication facilities and other infrastructure.

(v) Financial commitments.

(vi) Access to faculty, staff, and students.

(vii) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.

(b) A demonstration of a significant commitment on behalf of the institution of higher education, private research-based institute, or a large, private corporate research and development center to the commercialization of research produced at the certified technology park, as evidenced by the intellectual property and, if applicable, tenure policies that reward faculty and staff for commercialization and collaboration with private businesses.

(c) A demonstration that the proposed certified technology park will be developed to take advantage of the unique characteristics and specialties offered by the public and private resources available in the area in which the proposed certified technology park will be located.

(d) The existence of or proposed development of a business incubator within the proposed certified technology park that exhibits the following types of resources and organization:

(i) Significant financial and other types of support from the public or private resources in the area in which the proposed certified technology park will be located.

(ii) A business plan exhibiting the economic utilization and availability of resources and a likelihood of successful development of technologies and research into viable business enterprises.

(iii) A commitment to the employment of a qualified full-time manager to supervise the development and operation of the business incubator.



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(e) The existence of a business plan for the proposed certified technology park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

- (i) A commitment to new business formation.
- (ii) The clustering of businesses, technology, and research.
- (iii) The opportunity for and costs of development of properties under common ownership or control.
- (iv) The availability of and method proposed for development of infrastructure and other improvements, including telecommunications technology, necessary for the development of the proposed certified technology park.

(v) Assumptions of costs and revenues related to the development of the proposed certified technology park.

(f) A demonstrable and satisfactory assurance that the proposed certified technology park can be developed to principally contain eligible property as defined by section 2(s)(iii) and (v).

(3) An authority and a municipality that incorporated the authority may enter into an agreement with the Michigan economic development corporation establishing the terms and conditions governing the certified technology park. Upon designation of the certified technology park pursuant to the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement shall not result in the termination or rescission of the designation of the area as a certified technology park. The agreement shall include, but is not limited to, the following provisions:

- (a) A description of the area to be included within the certified technology park.
- (b) Covenants and restrictions, if any, upon all or a portion of the properties contained within the certified technology park and terms of enforcement of any covenants or restrictions.
- (c) The financial commitments of any party to the agreement and of any owner or developer of property within the certified technology park.

(d) The terms of any commitment required from an institution of higher education or private research-based institute for support of the operations and activities at eligible properties within the certified technology park.

(e) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.

(f) The public facilities to be developed for the certified technology park.

(g) The costs approved for public facilities under section 2(dd).

(4) If the Michigan economic development corporation has determined that a sale price or rental value at below market rate will assist in increasing employment or private investment in the certified technology park, the authority and municipality have authority to determine the sale price or rental value for public facilities owned or developed by the authority and municipality in the certified technology park at below market rate.

(5) If public facilities developed pursuant to an agreement entered into under this section are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure the public facilities are used as eligible property. Legal and equitable remedies and rights may include penalties and actual or liquidated damages.

(6) Except as otherwise provided in this section, an agreement designating a certified technology park may not be made after December 31, 2002, but any agreement made on or before December 31, 2002 may be amended after that date. However, the Michigan economic development corporation may enter into an agreement with a municipality after December 31, 2002 and on or before December 31, 2005 if that municipality has adopted a resolution of interest to create a certified technology park before December 31, 2002.

(7) The Michigan economic development corporation shall market the certified technology parks and the certified business parks. The Michigan economic development corporation and an authority may contract with each other or any third party for these marketing services.

(8) Except as otherwise provided in subsections (9), (10), and (11), the Michigan economic development corporation shall not designate more than 10 certified technology parks. For purposes of this subsection only, 2 certified technology parks located in a county that contains a city with a population of more than 750,000, shall be counted as 1 certified technology park. Not more than 7 of the certified technology parks designated under this section may not include a firm commitment from at least 1 business engaged in a high technology activity creating a significant number of jobs.

(9) The Michigan economic development corporation may designate an additional 5 certified technology parks after November 1, 2002 and before December 31, 2007. The Michigan economic development corporation shall not accept applications for the additional certified technology parks under this subsection until after November 1, 2002.

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(10) The Michigan economic development corporation may designate an additional 3 certified technology parks after February 1, 2008 and before December 31, 2008. The Michigan economic development corporation shall not accept applications for the additional certified technology parks under this subsection until after February 1, 2008.

(11) The Michigan economic development corporation may designate an additional 3 certified technology parks before March 31, 2013. It is the intent of the legislature that after the additional 3 certified technology parks are designated under this subsection, no additional certified technology parks shall be designated under this section.

(12) The Michigan economic development corporation shall give priority to applications that include new business activity.

(13) For an authority established by 2 or more municipalities under sections 3(2) and 4(7), each municipality in which the authority district is located by a majority vote of the members of its governing body may make a limited tax pledge to support the authority's tax increment bonds issued under section 14 or, if authorized by the voters of the municipality, may pledge its full faith and credit for the payment of the principal of and interest on the bonds. The municipalities that have made a pledge to support the authority's tax increment bonds may approve by resolution an agreement among themselves establishing obligations each may have to the other party or parties to the agreement for reimbursement of all or any portion of a payment made by a municipality related to its pledge to support the authority's tax increment bonds.

(14) Not including certified technology parks designated under subsection (8), but for certified technology parks designated under subsections (9), (10), and (11) only, this state shall do all of the following:

(a) Reimburse intermediate school districts each year for all tax revenue lost that was captured by an authority for a certified technology park designated by the Michigan economic development corporation after October 3, 2002.

(b) Reimburse local school districts each year for all tax revenue lost that was captured by an authority for a certified technology park designated by the Michigan economic development corporation after October 3, 2002.

(c) Reimburse the school aid fund from funds other than those appropriated in section 11 of the state school aid act of 1979, 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement calculations under subdivisions (a) and (b) and for all revenue lost that was captured by an authority for a certified technology park designated by the Michigan economic development corporation after October 3, 2002. Foundation allowances calculated under section 20 of the state school aid act of 1979, 1979 PA 94, MCL 388.1620, shall not be reduced as a result of tax revenue lost that was captured by an authority for a certified technology park designated by the Michigan economic development corporation under subsection (9), (10), or (11) after October 3, 2002.

**History:** Add. 2000, Act 248, Imd. Eff. June 29, 2000;—Am. 2002, Act 575, Imd. Eff. Oct. 3, 2002;—Am. 2004, Act 365, Imd. Eff. Oct. 7, 2004;—Am. 2008, Act 105, Imd. Eff. Apr. 23, 2008;—Am. 2009, Act 161, Imd. Eff. Dec. 14, 2009;—Am. 2009, Act 162, Imd. Eff. Dec. 14, 2009;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012.

### **125.2162b Creation of authority in which certified technology park designated; agreement with another authority; designation of distinct geographic area; consideration of advantages and benefits; capture of amounts levied by state and local and intermediate school districts; application for approval of distinct geographic area; competitive application process; requirements.**

Sec. 12b. (1) A municipality that has created an authority in which a certified technology park has been designated under this act may enter into an agreement with another authority that does not contain a certified technology park to designate a distinct geographic area within the authority district as a certified technology park. The authority shall consider the advantages of the unique characteristics and specialties offered by the public and private resources available in the distinct geographic area, shall consider the benefits to regional cooperation and collaboration, and shall consider whether designating the additional distinct geographic area adds value to the mission of the designated certified technology park. The distinct geographic area is subject to the provisions of section 12a(3), (4), and (5). The state treasurer shall not approve the capture of amounts levied by the state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and by local and intermediate school districts as permitted in section 2(jj)(ii)(B) for more than 9 distinct geographic areas designated under this section. In addition, beginning on the effective date of the amendatory act that added subsection (2), the state treasurer shall not approve the capture of amounts described in this subsection unless the application for approval of a distinct geographic area under this subsection is also approved by the Michigan economic development corporation as provided in subsection (2). A copy of the designation shall be filed with the Michigan economic development corporation.

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(2) Beginning on the effective date of the amendatory act that added this subsection, the Michigan economic development corporation shall designate the distinct geographic areas under subsection (1) pursuant to a competitive application process that has an initial application period and a final application period and that meets all the following:

(a) The initial application period shall begin on the effective date of the amendatory act that added this subsection and end on October 1, 2015. All applications submitted during the initial application period shall be approved or denied not later than November 1, 2015. The Michigan economic development corporation may approve up to 3 applications as a result of the initial application period. Applications submitted outside the initial application period shall not be considered under this subdivision.

(b) The final application period shall begin on January 1, 2016 and end on July 1, 2016. All applications submitted during the final application period shall be approved or denied by September 1, 2016. The Michigan economic development corporation may approve the remaining designations available under subsection (1) as a result of the final application period. However, there is no requirement that all 9 designations be made under this section. Applications submitted outside the final application period shall not be considered under this subdivision.

(c) The Michigan economic development corporation shall publish the application process and competitive criteria upon which applications will be evaluated on its website. If an application does not meet the requirements of this section, the application shall not be approved by the Michigan economic development corporation.

**History:** Add. 2008, Act 104, Imd. Eff. Apr. 23, 2008;—Am. 2015, Act 125, Imd. Eff. July 15, 2015.

### **125.2162c Designation as certified alternative energy park; application; criteria; agreement; determination of sale price or rental value for public facilities; inclusion of legal and equitable remedies and rights; limitations; pledge to support authority's tax increment bonds; ownership and operation by economic development corporation.**

Sec. 12c. (1) A municipality that has created an authority may apply to the Michigan economic development corporation for designation of all or a portion of the authority district as a certified alternative energy park and to enter into an agreement governing the terms and conditions of the designation. The form of the application shall be in a form specified by the Michigan economic development corporation and shall include information the Michigan economic development corporation determines necessary to make the determinations required under this section.

(2) After receipt of an application, the Michigan economic development corporation may designate, pursuant to an agreement entered into under subsection (3), a certified alternative energy park that is determined by the Michigan economic development corporation to satisfy 1 or more of the following criteria based on the application:

(a) A demonstration that the proposed alternative energy park will be developed to take advantage of the unique characteristics and specialties offered by public and private resources available in the area in which the proposed certified alternative energy park will be located.

(b) The existence of or strong likelihood of attracting alternative energy technology businesses to the proposed alternative energy park by exhibiting the following types of resources and organization:

(i) Significant financial and other types of support from the public or private resources in the area.

(ii) Proposed or actual ownership of land in sufficient quantity as to attract 1 or more major alternative energy technology businesses.

(c) The existence of a business plan for the proposed certified alternative energy park that identifies its objectives in a clearly focused and measurable fashion and that addresses the following matters:

(i) A commitment to new business formation or major business attraction.

(ii) The clustering of businesses, technology, and research within the region.

(iii) The opportunity for and costs of development of properties under common ownership or control.

(iv) The availability of and method proposed for development and sale or conveyance of shovel-ready sites to include infrastructure and other improvements, including telecommunications technology, necessary for the successful development of the proposed certified alternative energy park.

(v) Assumptions of costs and revenues related to the development of the proposed certified alternative energy park.

(d) A demonstrable and satisfactory assurance that the proposed certified alternative energy park can be developed to principally contain eligible property as defined by section 2(s)(v) and (vi).

(e) The proposed certified alternative energy park includes a military installation that was operated by the United States department of defense and closed after 1980.

(3) An authority and a municipality that incorporated the authority may enter into an agreement with the Michigan economic development corporation establishing the terms and conditions governing the certified alternative energy park. Upon designation of the certified alternative energy park pursuant to the terms of the agreement, the subsequent failure of any party to comply with the terms of the agreement shall not result in the termination or rescission of the designation of the area as a certified alternative energy park. The agreement shall include, but is not limited to, the following provisions:

- (a) A description of the area to be included within the certified alternative energy park.
  - (b) Covenants and restrictions, if any, upon all or a portion of the properties contained within the certified alternative energy park and terms of enforcement of any covenants or restrictions.
  - (c) The financial commitments of any party to the agreement and of any owner or developer of property, including sale or transfer of ownership or options thereto upon designation of a certified alternative energy park for property within the certified alternative energy park.
  - (d) The terms of enforcement of the agreement, which may include the definition of events of default, cure periods, legal and equitable remedies and rights, and penalties and damages, actual or liquidated, upon the occurrence of an event of default.
  - (e) Proposed method of ownership of the land within the certified alternative energy park.
  - (f) The costs approved for public facilities under section 2(dd).
  - (g) Proposed method of operating the certified alternative energy park.
- (4) If the Michigan economic development corporation has determined that a sale price or rental value at below market rate will assist in increasing employment or private investment in the certified alternative energy park, the authority and municipality have authority to determine the sale price or rental value for public facilities owned or developed by the authority and municipality in the certified alternative energy park at below market rate.
- (5) If public facilities developed pursuant to an agreement entered into under this section are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure that the public facilities are used as eligible property. Legal and equitable remedies and rights may include penalties and actual or liquidated damages.
- (6) Except as otherwise provided in this section, an agreement designating a certified alternative energy park may not be made after December 31, 2012, but any agreement made on or before December 31, 2012 may be amended after that date.
- (7) The Michigan economic development corporation shall not designate more than 10 certified alternative energy parks. For purposes of this subsection only, certified alternative energy parks located in the same county shall be counted as 1 certified alternative energy park.
- (8) For an authority established by 2 or more municipalities under sections 3(2) and 4(7), each municipality in which the authority district is located by a majority vote of the members of its governing body may make a limited tax pledge to support the authority's tax increment bonds issued under section 14 or, if authorized by the voters of the municipality, may pledge its full faith and credit for the payment of the principal of and interest on the bonds. The municipalities that have made a pledge to support the authority's tax increment bonds may approve by resolution an agreement among themselves establishing obligations each may have to the other party or parties to the agreement for reimbursement of all or any portion of a payment made by a municipality related to its pledge to support the authority's tax increment bonds.
- (9) Upon approval of the Michigan economic development corporation, the certified alternative energy park may be owned and operated by an economic development corporation created under the economic development corporations act, 1974 PA 338, MCL 125.1601 to 125.1636, or other public body agreeable to all members.

**History:** Add. 2009, Act 162, Imd. Eff. Dec. 14, 2009;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012.

#### **125.2162d Conveyance or lease of public facilities at less than fair market value or below market rates.**

Sec. 12d. (1) If an authority determines that a sale price or rental value at below market rate will assist in increasing employment or private investment in a development area, the authority may determine a sale price or rental value for public facilities owned or developed by the authority at below market rate.

(2) If public facilities are conveyed or leased at less than fair market value or at below market rates, the terms of the conveyance or lease shall include legal and equitable remedies and rights to assure that the public facilities are used as eligible property. Legal and equitable remedies and rights may include penalties and actual or liquidated damages. If public facilities for public benefit are provided to private owners or users of eligible property, the terms of the conveyance or lease shall include a benefit to the private owner or user.

**History:** Add. 2010, Act 276, Imd. Eff. Dec. 15, 2010.



**125.2162e Notice of designation of next Michigan development area; marketing of authority district by Michigan economic development corporation; pledge to support tax increment bonds.**

Sec. 12e. (1) A next Michigan development corporation establishing an authority under section 3(3) shall notify the Michigan economic development corporation of the designation of a next Michigan development area.

(2) The Michigan economic development corporation shall market the authority district including next Michigan development areas.

(3) For an authority exercising its powers under section 3(3), each municipality and county which is a party to the interlocal agreement establishing the next Michigan development corporation, or any 1 of them, by a majority vote of the members of its governing body, may make a limited tax pledge to support the authority's tax increment bonds issued under section 14 or, if authorized by the voters of the municipality or county, may pledge its full faith and credit for the payment of the principal of and interest on the bonds. The municipalities or counties that have made a pledge to support the authority's tax increment bonds may approve by resolution an agreement among themselves establishing obligations each may have to the other party or parties to the agreement for reimbursement of all or any portion of a payment made by a municipality or county related to its pledge to support the authority's tax increment bonds.

**History:** Add. 2010, Act 276, Imd. Eff. Dec. 15, 2010;—Am. 2012, Act 290, Imd. Eff. Aug. 1, 2012.

**Compiler's note:** This section as originally enacted was assigned the compilation number 125.2162c[1] to distinguish it from another section 12e deriving from 2009 PA 162. To avoid a conflict, this section has been renumbered as 125.2162e.

**125.2163 Tax increment revenues transmitted to authority; expenditure of tax increment revenues; retention or reversion of excess revenue; prohibition; abolition of tax increment financing plan; annual financial report.**

Sec. 13. (1) The city, village, township, school district, and county treasurers shall transmit to the authority tax increment revenues.

(2) The authority shall expend the tax increment revenues received for the development program only in accordance with the tax increment financing plan. Tax increment revenues in excess of the estimated tax increment revenues or of the actual costs of the plan to be paid by the tax increment revenues may be retained by the authority only for purposes, that by resolution of the board, are determined to further the development program in accordance with the tax increment financing plan. The excess tax increment revenues not so used shall revert proportionately to the respective taxing jurisdictions. These revenues shall not be used to circumvent existing property tax laws or a local charter that provides a maximum authorized rate for the levy of property taxes. The governing body may abolish the tax increment financing plan if it finds that the purposes for which the plan was established are accomplished. However, the tax increment financing plan may not be abolished until the principal of and interest on bonds issued pursuant to section 14 have been paid or funds sufficient to make that payment have been segregated and placed in an irrevocable trust for the benefit of the holders of the bonds.

(3) The authority shall submit annually to the governing body and the state tax commission a financial report on the status of the tax increment financing plan. The report shall include the following:

- (a) The amount and source of tax increment revenues received.
- (b) The amount in any bond reserve account.
- (c) The amount and purpose of expenditures of tax increment revenues.
- (d) The amount of principal and interest on any outstanding bonded indebtedness of the authority.
- (e) The initial assessed value of the eligible property.
- (f) The captured assessed value of the eligible property retained by the authority.
- (g) The number of jobs created as a result of the implementation of the tax increment financing plan.
- (h) Any additional information the governing body or the state tax commission considers necessary.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994.

**125.2164 Tax increment bonds; qualified refunding obligation.**

Sec. 14. (1) By resolution of its board and subject to the limitations set forth in this section, the authority may authorize, issue, and sell its tax increment bonds to finance a development program. The bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The authority may pledge for debt service requirements the tax increment revenues to be received from an eligible property. The bonds issued under this section shall be considered a single series for the purposes of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

## EXHIBIT 1

(2) The municipality by majority vote of the members of its governing body may make a limited tax pledge to support the authority's tax increment bonds or, if authorized by the voters of the municipality, pledge its full faith and credit for the payment of the principal of and interest on the authority's tax increment bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 10.

(3) Bonds and notes issued by the authority and the interest on and income from those bonds and notes are exempt from taxation by the state or a political subdivision of this state.

(4) Notwithstanding any other provision of this act, if the state treasurer determines that an authority or municipality can issue a qualified refunding obligation and the authority or municipality does not make a good faith effort to issue the qualified refunding obligation as determined by the state treasurer, the state treasurer may reduce the amount claimed by the authority or municipality under section 11a by an amount equal to the net present value saving that would have been realized had the authority or municipality refunded the obligation or the state treasurer may require a reduction in the capture of tax increment revenues from taxes levied by a local or intermediate school district or this state by an amount equal to the net present value savings that would have been realized had the authority or municipality refunded the obligation. This subsection does not authorize the state treasurer to require the authority or municipality to pledge security greater than the security pledged for the obligation being refunded.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 1996, Act 270, Imd. Eff. June 12, 1996;—Am. 2002, Act 235, Imd. Eff. Apr. 29, 2002.

### **125.2165 Development plan generally.**

Sec. 15. (1) If a board decides to finance a project under this act, it shall prepare a development plan.

(2) To the extent necessary to accomplish the proposed development program the development plan shall contain:

(a) A description of the property to which the plan applies in relation to the boundaries of the authority district and a legal description of the property.

(b) The designation of boundaries of the property to which the plan applies in relation to highways, streets, or otherwise.

(c) The location and extent of existing streets and other public facilities in the vicinity of the property to which the plan applies; the location, character, and extent of the categories of public and private land uses then existing and proposed for the property to which the plan applies, including residential, recreational, commercial, industrial, educational, and other uses.

(d) A description of public facilities to be acquired for the property to which the plan applies, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements.

(e) The location, extent, character, and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion.

(f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

(g) A description of any portions of the property to which the plan applies, which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

(h) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

(i) An estimate of the cost of the public facility or facilities, a statement of the proposed method of financing the public facility or facilities, and the ability of the authority to arrange the financing.

(j) Designation of the person or persons, natural or corporate, to whom all or a portion of the public facility or facilities is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority.

(k) The procedures for bidding for the leasing, purchasing, or conveying of all or a portion of the public facility or facilities upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed to those persons.

(l) Estimates of the number of persons residing on the property to which the plan applies and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing

## EXHIBIT 1

in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development.

(n) 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 U.S.C. 4601 to 4655.

(o) 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.

(p) Other material which the authority or governing body considers pertinent.

(3) It shall not be necessary for the board to prepare a development plan pursuant to this section if a development plan that adequately provides for accomplishing the proposed development program has already been prepared and where the development plan has been approved by the board and governing body pursuant to sections 16 and 17.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2166 Adoption of resolution approving development plan or tax increment financing plan; public hearing; notice; record.**

Sec. 16. (1) Before adoption of a resolution approving or amending a development plan or approving or amending a tax increment financing plan, the governing body shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall not be less than 20 days before the date set for the hearing. Beginning June 1, 2005, the notice of hearing within the time frame described in this subsection shall be mailed by certified mail to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the development plan or the tax increment financing plan is approved or amended.

(2) Notice of the time and place of hearing on a development plan shall contain the following:

(a) A description of the property to which the plan applies in relation to highways, streets, streams, or otherwise.

(b) A statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing.

(c) Other information that the governing body considers appropriate.

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

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—2005, Act 15, Imd. Eff. May 4, 2005.

### **125.2167 Development plan or tax increment financing plan as constituting public purpose; approval or rejection; considerations; amendments; procedure, notice, findings, and amendment as conclusive; contest.**

Sec. 17. (1) After a public hearing on the development plan or the tax increment financing plan, or both, with notice of the hearing given pursuant to section 16, the governing body shall determine whether the development plan or tax increment financing plan, or both, constitutes a public purpose. If the governing body determines that the development plan or tax increment financing plan, or both, constitutes a public purpose, the governing body may then approve or reject the plan, or approve it with modification, by resolution, based on the following considerations:

(a) Whether the development plan meets the requirements set forth in section 15(2) and the tax increment financing plan meets the requirements set forth in section 12(1), (2), and (3).

(b) Whether the proposed method of financing the public facility or facilities is feasible and the authority has the ability to arrange the financing.

(c) Whether the development is reasonable and necessary to carry out the purposes of this act.

(d) Whether the amount of captured assessed value estimated to result from adoption of the plan is reasonable.

(e) Whether the land to be acquired under the development plan is reasonably necessary to carry out the

## EXHIBIT 1

purposes of the plan and the purposes of this act.

(f) Whether the development plan is in reasonable accord with the approved master plan of the municipality, if an approved master plan exists.

(g) Whether public services, such as fire and police protection and utilities, are or will be adequate to service the property.

(h) Whether changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

(2) Except as provided in this subsection, amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection following the same notice and public hearing provisions that are necessary for approval or rejection of the original plan. Notice and hearing shall not be necessary for revisions in the estimates of captured assessed value and tax increment revenues.

(3) The procedure, adequacy of notice, and findings with respect to purpose and captured assessed value shall be conclusive unless contested in a court of competent jurisdiction within 60 days after adoption of the resolution adopting the plan. An amendment, adopted by resolution, to a conclusive plan shall likewise be conclusive unless contested within 60 days after adoption of the resolution adopting the amendment. If a resolution adopting an amendment to the plan is contested, the resolution adopting the plan is not open to contest.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1993, Act 333, Eff. Mar. 15, 1994.

### **125.2168 Relocation of person; notice to vacate.**

Sec. 18. A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2169 Preparation and submission of budget; manner; approval; cost of handling and auditing funds.**

Sec. 19. (1) The director of the authority shall prepare and submit for the approval of the board a budget for the operation of the authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. Before the budget may be adopted by the board, it shall be approved by the governing body. Funds of the municipality shall not be included in the budget of the authority except those funds authorized in this act or by the governing body.

(2) The governing body may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed for designated purposes, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.

**History:** 1986, Act 281, Eff. Feb. 1, 1987;—Am. 1991, Act 101, Imd. Eff. Aug. 21, 1991;—Am. 1993, Act 333, Eff. Mar. 15, 1994;—Am. 2008, Act 522, Imd. Eff. Jan. 13, 2009.

### **125.2170 Dissolution of authority; resolution; disposition of property and assets.**

Sec. 20. An authority that completes the purposes for which it was organized shall be dissolved by resolution of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority shall belong to the municipality or to an agency or instrumentality designated by resolution of the municipality.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2171 Proceedings to enforce act.**

Sec. 21. The state tax commission may institute proceedings to compel enforcement of this act.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2172 Effective date.**

Sec. 22. This act shall take effect on February 1, 1987.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

### **125.2173 Conditional effective date.**

Sec. 23. This act shall not take effect unless House Bill No. 5729 of the 83rd Legislature is enacted into law.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

**Compiler's note:** House Bill No. 5729, referred to in MCL 125.2173, was filed with the Secretary of State December 22, 1986, and became P.A. 1986, No. 280, Imd. Eff. Dec. 22, 1986.

Rendered Thursday, December 8, 2016

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## EXHIBIT 1

### **125.2174 Constitutionality of act.**

Sec. 24. Pursuant to section 8 of article III of the state constitution of 1963, it is the intent of the legislature, by concurrent resolution, to request the opinion of the supreme court as to the constitutionality of this 1986 act if the governor has not already requested an opinion.

**History:** 1986, Act 281, Eff. Feb. 1, 1987.

## EXHIBIT 2

## CITY OF HASTINGS

## BARRY COUNTY, MICHIGAN

**RESOLUTION TO ESTABLISH THE HASTINGS  
LOCAL DEVELOPMENT FINANCE AUTHORITY AND TO  
DESIGNATE THE BOUNDARIES OF AUTHORITY DISTRICT NUMBER ONE**

At a Regular meeting of the City Council of the City of Hastings, Barry County, Michigan, held in the City Hall in said City on the 8th day of February, 1993, at 7:30 o'clock p.m. Local Time.

PRESENT: Campbell, Jasperse, Ketchum, May, White, Brower, Hawkins

ABSENT: Watson

The following preamble and resolution were offered by Jasperse and seconded by Ketchum:

WHEREAS, pursuant to the findings made by Resolution adopted on February 8,, 1993, by the City Council of the City of Hastings (the "City"), the City held a public hearing on Monday, February 8,, 1993 at 7:45 o'clock p.m. in the City hall located at 102 South Broadway, Hastings, Michigan to consider the establishment of a Local Development Finance Authority and the designation of the boundaries of an Authority district in accordance with Act 281 of the Public Acts of Michigan of 1986 ("Act 281"); and

WHEREAS, notice of said public hearing was duly given by publication on December 31, 1992 and January 7, 1993 in the Hastings Banner, and by first class mail, return receipt requested on January 7, 1993, pursuant to Act 281; and

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WHEREAS, at the public hearing the City Council heard comments and questions and considered objections to the establishment of the Authority and the boundaries of the proposed Authority District and to other related matters pertaining to the City proceedings under Act 281; and

WHEREAS, the land included in the proposed Authority District, a legal description of which is attached hereto as Exhibit A, is owned by the following individuals:

Baby Bliss, Inc., Albert and Georgina Hackett, husband and wife; Henry Brooks, Lewis and Waneta Russel, husband and wife; City of Hastings; Norma Gibson; Mark Rushford; Richard and Lyn Morgan, husband and wife; Thomas and Nancy Gaylor, husband and wife; Mattie Main; David Main; Richard Main; Raymond and Eldiene Lancaster, husband and wife; Andrew Jr. and Patricia Kennedy, husband and wife; Steven and Susan Bennett, husband and wife; Elza Carlin; Daniel and Joan Smith, husband and wife; Thomas Clemens; Harold Ford; Herry Ford; Crystal Clear Water, Inc., Violet, Wendorf; Kelly and Joan Hasselback, husband and wife; Michael and Debra Lustey, husband and wife; Jim and Dianne Haynes, husband and wife; Michael and Laura Sherk, husband and wife; James Morrison; Richrd Ewing; Myron Katz; Ash Industries; Jesus and Suzanne Arias, husband and wife; Daniel and Sangim Bell, husband and wife; Edith Evans; Lawrence and Janet Blessing, husband and wife; Alice Hammond; Miola Wood, Danny and Faye Capers, husband and wife; Harold Mattson;

WHEREAS, the taxing units included in the proposed Authority District are the County of Barry (the "County"), the Barry Intermediate School District, the Hastings Area School District (the "School District"), the Township of Hastings (the "Township") and the City; and

WHEREAS, the Hastings Area School District is the only taxing unit which levied twenty percent (20%) or more of the ad valorem taxes levied in 1993 against all property located in the proposed Authority District; and

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WHEREAS, no portion of the proposed authority District is located in a community college district or junior college district; and

WHEREAS, it is necessary and in the public interest of the City and its residents to proceed under Act 281 and establish a Local Development Finance Authority and designate the boundaries of an authority district.

NOW, THEREFORE, BE IT HEREBY RESOLVED AS FOLLOWS:

1. Establishment and Name There is hereby created, established and incorporated a Local Development Finance Authority, designated the HASTINGS LOCAL DEVELOPMENT FINANCE AUTHORITY (the "Authority") pursuant to and in accordance with Act 281. The Authority shall be a public body corporate which may sue and be sued in any court of the State of Michigan.

2. Public Purpose The Authority is established pursuant to Act 281 by the City to accomplish the public purposes enumerated in Section 1(1) of Act 281 including, without limitation, the use of tax increment financing and other permitted means to create jobs, promote economic growth and development, strengthen the local tax base and to eliminate the conditions and causes of unemployment, underemployment and joblessness.

3. Powers To accomplish the public purpose set forth in paragraph 2, above, the Board of the Authority may do the following:



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(a) Study and analyze unemployment, underemployment, and joblessness and the impact of growth upon the authority district or districts.

(b) Plan and undertake the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, as defined in Act 281.

(c) Develop long-range plans, in cooperation with the City Planning Commission, to promote the growth of the authority district or districts, and take the steps that are necessary to implement the plans to the fullest extent possible to create jobs and promote economic growth.

(d) Develop and implement any tax increment financing plan or development plan necessary to achieve the purposes of Act 281 in accordance with the powers of the Authority as granted by Act 281.

(e) Make and enter into contracts necessary or incidental to the exercise of the Board's powers and the performance of its duties.

(f) Acquire by purchase or otherwise on terms and conditions and in a manner the Authority considers proper, own or lease as a lessor or lessee, convey, demolish, relocate, rehabilitate, or otherwise dispose of real or personal property, or rights or interests in that property, which the authority determines is reasonably necessary to achieve the purposes of Act

EXHIBIT 2

281, and to grant or acquire licenses, easements and options with respect to the property.

(g) Improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair or operate a building, and any necessary or desirable appurtenances to a building, as provided in Section 12(3) of the Act for the use, in whole or in part, of a public or private person or corporation, or a combination thereof.

(h) Fix, charge and collect fees, rents, and charges for the use of a building or property or a part of a building or property under the Board's control, or a facility in the building or on the property, and pledge the fees, rents and charges for the payment of Revenue Bonds issued by the Authority.

(i) Lease a building or property or part of a building or property under the Board's control.

(j) Accept grants and donations of property, labor, or other things of value from a public or private source.

(k) Acquire and construct public facilities, as defined in Act 281.

(l) Incur costs in connection with the performance of the Board's authorized functions

## EXHIBIT 2

including, but not limited to, administrative costs, and architects, engineers, legal and accounting fees.

(m) Plan, propose and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the State Construction Code promulgated under the State Construction Code Act of 1972, as amended.

(n) Issue bonds and otherwise finance the authorized activities of the Authority pursuant to the terms and conditions of Act 281, provided that the Authority may exercise any and all powers authorized by the Resolution and Act 281, notwithstanding that bonds are not issued by the Authority.

(o) In general, and subject to such limitations and conditions as are or may be prescribed by law, to exercise such other powers which now are or hereafter may be conferred by law upon an authority organized pursuant to Act 281, as amended from time to time, and for the foregoing purposes.

4. Authority District The boundaries of the Authority District within which the Authority shall exercise its powers are described on Exhibit A attached hereto. This Authority District shall be known as Authority District Number One (the "District"). The City shall not incorporate additional property in the District without further notice and public hearing pursuant to Act 281.

EXHIBIT 2

5. **Board** The Authority shall be under the supervision and control of a Board consisting of the following:

(a) **City Members** Seven (7) Members appointed by the City Mayor subject to the approval of the City Council.

(b) **Additional Members** One (1) Member appointed by the County Board of Commissioners; and

Two (2) Members appointed by the Chief Executive Officer of the Hastings Area School District. Additional Members serving on the Board pursuant to this subparagraph shall only vote on matters relating to the authority districts located within the respective local unit of government by whom they are appointed to the Board.

(c) **Terms** Each Member of the Board shall serve for a term of four (4) years except the Members first appointed who shall serve for the following terms:

(i) Of the Members appointed by the City, one (1) shall serve for a term of one (1) year, two (2) shall serve for a term of two (2) years, two (2) shall serve for a term of three (3) years and two (2) shall serve for a term of four (4) years;

(ii) Of the Members appointed by the School District, one (1) shall serve for a term of one (1) year and one (1) shall serve for a term of three (3) years; and

EXHIBIT 2

(iii) The Member appointed by the County shall serve for a term of four (4) years.

(d) **Vacancies** An appointment to fill a vacancy on the Board shall be made in the same manner as the original appointment. An appointment to fill an unexpired term of a member shall be for the unexpired portion of the term only.

(e) **Compensation** Members shall serve without compensation, but shall be reimbursed for actual and necessary expenses.

(f) **Chairperson** The Board shall elect a chairperson.

(g) **Oath of Office** Before assuming the duties of office, each Member shall qualify by taking and subscribing to the constitutional oath of office.

(h) **Rules of Procedure** The Board shall adopt rules governing its procedure and the holding of regular and special meetings, subject to the approval by the City Council. Meetings of the Board shall be open to the public in accordance with the Open Meetings Act, being Act 267 of the Public Acts of Michigan of 1976, as amended.

(i) **Public Records** The financial records of the Authority shall be open to the public in accordance with the Freedom of Information Act, being Act 442 of the Public Acts of Michigan of 1976, as amended. All

EXHIBIT 2

expenses of the Authority shall be publicized annually in accordance with Act 281.

(j) **Director** The Board, in its discretion, may employ and fix the compensation of a Director, subject to the approval of the City Council. The Director shall serve at the pleasure of the Board. A Member of the Board is not eligible to hold the position of Director. Before entering upon the duties of the office, the Director shall take and subscribe to the constitutional oath of office and shall furnish bond by posting a bond in the sum of \$ \_\_\_\_\_. The Bond shall be payable to the Authority for the use and benefit of the Authority, approved by the board and filed with the City Clerk. The premium on the bond shall considered an operating expense of the Authority, payable from funds available to the Authority for expenses of operation. The Director shall be the Chief Executive Officer of the Authority. Subject to the approval of the Board, the Director shall supervise and be responsible for the preparation of plans and the performance of the functions of the Authority in the manner authorized by Act 281. The Director shall attend the meetings of the Board and shall render to the board and to the City Council a regular report covering the activities and financial condition of the Authority. If the Director is absent or disabled, the Board may designate a qualified person as acting

EXHIBIT 2

(n) Other Personnel The Board may employ other personnel considered necessary by the Board, subject to the approval of the City.

(o) Retirement The employees of the Authority may be eligible to participate in municipal retirement and insurance programs of the City as if they were civil service employees on the same basis as civil service employees.

6. Fiscal Year The Authority shall operate on the basis of a fiscal year beginning January 1 and ending December 31.

7. Budget The Director of the Authority shall prepare and submit for the approval of the Board a budget for the operation of the Authority for the ensuing fiscal year, subject to the prior approval of the City Council, in accordance with Section 19 of Act 281. If a Director is not employed by the Board, the budget shall be prepared in the same manner designated by the Board.

8. Dissolution Upon completion of the purposes for which the Authority was organized, the Authority shall be dissolved by resolution of the City Council. The property and assets of the Authority remaining after the satisfaction of all obligations of the Authority shall belong to the City or to an agency or instrumentality designated by resolution of the City.

9. Effective Date - Publication and Filing This Resolution shall be effective upon (a) the publication of the Resolution, one (1) time, in full, in the Hastings Banner, a

EXHIBIT 2

newspaper of general circulation in the City and (b) filing of a certified copy of the Resolution with the Secretary of State.

10. Prior Resolutions All resolutions and parts of resolutions in conflict herewith shall be and the same are hereby rescinded.

YEAS: Hawkins, Brower, White, May, Ketchum, Jasperse, Campbell

NAYS: None

ABSENT: Watson

RESOLUTION ADOPTED.

Sharon Vickery  
City Clerk  
City of Hastings

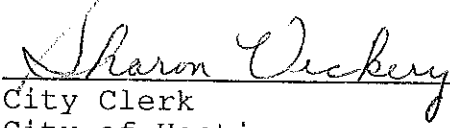


EXHIBIT 2

STATE OF MICHIGAN )  
                              ) ss.  
COUNTY OF BARRY    )

I, the undersigned, the duly qualified and acting Clerk of the City of Hastings, Barry County, Michigan (the "City") do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a regular meeting on the 8th day of February, 1993, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereto affixed my official signature on this 8th day of February, 1993, A.D.

  
\_\_\_\_\_  
City Clerk  
City of Hastings

98-33  
CITY OF HASTINGS  
BARRY COUNTY, MICHIGAN

RESOLUTION OF INTENTION TO CREATE A LOCAL DEVELOPMENT FINANCE  
AUTHORITY DEVELOPMENT PLAN AND TAX INCREMENT FINANCE PLAN FOR THE  
OPERATION OF A LOCAL DEVELOPMENT FINANCE AUTHORITY.

At a regular meeting of the City Council of the City of Hastings, County of Barry, Michigan,  
held in the City Hall in said City on the 24th day of August, 1998, at 7: 30 p.m. Local Time.

PRESENT:

ABSENT:

The following preamble and resolution were offered by Jasperse and seconded by  
White.

- WHEREAS, Act 281 of the Public Acts of Michigan of 1986, also known as the Local Development Financing Act provides for the Local Development Finance Authority Board to establish a Development Plan and a Tax Incremental Finance Plan in order to carry out it's operations; and
- WHEREAS, The Local Development Finance Authority programs are desirable and necessary to eliminate the causes of unemployment, underemployment, and joblessness therefore benefitting the economic growth of the City of Hastings; and
- WHEREAS, Tax increment financing is a government financing program which contributes to economic growth and development by dedicating a portion of the tax base resulting from the economic growth and development to certain public facilities and structures or improvements of the type designed and dedicated to public use and thereby facilitate certain projects which create economic growth and development; and
- WHEREAS, The creation of jobs and the promotion of economic growth in the City of Hastings are essential governmental functions and constitute essential public purposes; and
- WHEREAS, Act 281 authorizes a City to create and provide for a Local Development Finance Authority which, in turn, is authorized by Act 281 to implement a Development Plan and a Tax Increment Financing Program for specified public purposes; and
- WHEREAS, The Local Development Finance Authority Board has recommended a Development Plan and a Tax Increment Financing Program for specified public purposes; and
- WHEREAS, it is accordingly in the best interest of the City to exercise the power granted to the City by Act 281 and therefore it is the intention the City Council of the City Hastings to provide for the operation of a Local Development Finance Authority in accordance with Act 281 by adopting the Development Plan and a Tax Increment Financing Plan for specified public purposes as recommended by the Local Development Finance Authority Board.

### EXHIBIT 3

NOW, THEREFORE, BE IT HEREBY RESOLVED

That it is in the best interest of the City to exercise the power granted to the City by Act 281 and therefore it is the intention the City Council of the City Hastings to provide for the operation of a Local Development Finance Authority in accordance with Act 281 by adopting the Development Plan and a Tax Increment Financing Plan for specified public purposes as recommended by the Local Development Finance Authority Board.

YEAS:	Members:	Jasperse, White, Tubbs, Wood, McIntyre, Hawkins
NAYS:	Members:	May and Campbell
ABSENT:	Members:	None
	Members:	Bleam

RESOLUTION ADOPTED:

City of Hastings

I, Everil Manshum, the duly qualified and City Clerk of the City of Hastings, Barry County, Michigan do hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council at a regular meeting on the 24th day of August, 1998, the original of which is on file in my office. Public notice of said meeting was given pursuant to and in compliance with Act No. 267, Public Acts of Michigan, 1976, as amended, including in the case of a special or rescheduled meeting, notice by posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have hereto affixed my official signature on this 24th day of August, 1998, A.D.

  
Everil Manshum, City Clerk

EXHIBIT 4

City of Hastings

RESOLUTION NO. 2001-34

**RESOLUTION APPROVING AND RECOMMENDING THE LOCAL DEVELOPMENT  
FINANCE AUTHORITY DEVELOPMENT PLAN AND TAX INCREMENT  
FINANCING PLAN**

**WHEREAS**, pursuant to Act 281 of the Public Acts of Michigan of 1986, The Local Development Finance Authority is authorized to prepare a development plan to assist in the payment of all or part of the costs associated with the activities of the Authority and the implementation of the development plan; and the implementation of the development plan; and

**WHEREAS**, the Local Development Financing Act also authorizes the Authority to prepare a tax increment financing plan to assist in the payment of all or part of the costs associated with the Activities of the Authority and the implementation of the development plan; and

**WHEREAS**, the Authority has prepared a development plan and tax increment financing plan which was adopted by the City Council of the City of Hastings on August 24, 1998; and

**WHEREAS**, the Local Development Finance Authority board has recommended the adoption by City Council of amendments to the development plan and tax increment financing plan; and

**WHEREAS**, said amendments to the local Development Finance Authority development plan and tax increment financing plan constitute a public purpose, with public notice given conforming to sections 16 & 17 of Act 281 of 1986 and that the required public hearing required under said sections of the Act has been held,

**NOW, THEREFORE, BE IT RESOLVED** that the Hastings City Council hereby adopts the amended Local Development Finance Authority development plan and tax increment financing plan recommended by the board of the Local Development Financing Authority.

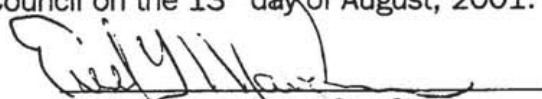
Moved by Tubbs and Supported by Bleam  
that the above Resolution be adopted as read.

Yeas Tubbs, Wood, Spencer, Bleam, McIntyre and Hawkins

Nays None

Absent Campbell, May and Jasperse

I, Everil G. Manshum, City Clerk, so hereby certify that the above is a true copy of a Resolution adopted by the Hastings City Council on the 13<sup>th</sup> day of August, 2001.

  
Everil G. Manshum, City Clerk

## EXHIBIT 5

**LDFA PROPERTY LIST**

PPN	OWNER	TYPE	CLASS	TV	INITIAL VALUE	CAPTURE
55-265-010-00	CITY OF HASTINGS		703	\$ -	\$ -	\$ -
55-255-012-00	CHRIS MORGAN PROPERTIES LLC		301	\$ 47,100	\$ 26,299	\$ 20,801
55-255-014-60	WESTERVELD WILLIAM		301	\$ 209,500	\$ 1,300	\$ 208,200
55-255-033-00	KOBEAR PROPERTIES, LLC		301	\$ 77,000	\$ 35,403	\$ 41,597
55-255-034-00	BCN TECHNICAL SERVICES INC		301	\$ 601,900	\$ 610,500	\$ (8,600)
55-255-038-00	HAYWOOD MATTHEW & JENNIFER		301	\$ 58,400	\$ -	\$ 58,400
55-265-022-00	SCHOESSEL CARL A		301	\$ 114,100	\$ -	\$ 114,100
55-265-023-50	B & T GROUP ENTERPRISES LLC		301	\$ 190,300	\$ 7,088	\$ 183,212
55-265-027-00	SUTER MICKEY E		301	\$ 320,214	\$ -	\$ 320,214
55-265-028-00	HASTINGS CITY BANK		301	\$ 200,000	\$ -	\$ 200,000
55-230-002-00	BCN TECHNICAL SERVICES INC		302	\$ 84,100	\$ 64,500	\$ 19,600
55-255-014-55	WESTERVELD WILLIAM		302	\$ 14,600	\$ 100	\$ 14,500
55-255-014-65	CITY OF HASTINGS		302	\$ -	\$ -	\$ -
55-255-029-00	HAYNES JAMES R		302	\$ 19,376	\$ 15,000	\$ 4,376
55-265-021-00	BRUMMEL JANICE L REVOCABLE TRUST		302	\$ 24,200	\$ 4,850	\$ 19,350
55-265-025-00	ENTERWOOD PROPERTIES, LLC		302	\$ 25,000	\$ -	\$ 25,000
55-489-260-00	CNC MANUFACTURING		995	\$ -	\$ 14,436	\$ (14,436)
55-489-307-00	DOUGS AUTO PARTS		995	\$ -	\$ 2,500	\$ (2,500)
55-489-407-00	EURWAY TRANSIT		995	\$ -	\$ 1,250	\$ (1,250)
55-489-540-00	HALO PRODUCTS		995	\$ -	\$ 2,415	\$ (2,415)
55-489-547-00	HASTINGS PLASTICS & FINISHING		995	\$ -	\$ 5,000	\$ (5,000)
55-489-580-00	MICHIGAN LASERMARK		995	\$ -	\$ 2,310	\$ (2,310)
55-489-800-00	ROYAL PRODUCTS INC		995	\$ -	\$ 9,660	\$ (9,660)
55-489-856-00	THORNAPPLE PRINTING		995	\$ -	\$ 12,880	\$ (12,880)
55-489-880-00	UNLIMITED FABRICATION		995	\$ -	\$ 3,220	\$ (3,220)
55-489-926-00	V-TEC SYSTEMS		995	\$ -	\$ 18,886	\$ (18,886)
<b>REAL PROPERTY TOTAL</b>				<b>\$ 1,985,790</b>	<b>\$ 837,597</b>	<b>\$ 1,148,193</b>

PPN	OWNER	TYPE	CLASS	TV	INITIAL VALUE	CAPTURE
55-506-150-00	BCN TECHNICAL SERVICES INC.		351	\$ 1,011,100	\$ -	\$ 1,011,100
55-510-550-00	CO-DEE STAMPING		351	\$ 104,500	\$ -	\$ 104,500
55-523-100-00	HALO PRODUCTS		351	\$ 2,500	\$ 5,280	\$ (2,780)
55-528-355-00	JMJ INC		351	\$ 5,700	\$ -	\$ 5,700
55-533-550-00	MICHIGAN LASERMARK		351	\$ -	\$ 5,500	\$ (5,500)
55-546-200-00	TRI-CLOR INC.		351	\$ 67,400	\$ -	\$ 67,400
55-536-400-00	PAIRETT INC		999	\$ -	\$ 4,046	\$ (4,046)
55-547-356-00	V-TEC SYSTEMS		999	\$ -	\$ 6,600	\$ (6,600)
55-805-300-00	BENNETT INDUSTRIES		999	\$ -	\$ 27,859	\$ (27,859)

## EXHIBIT 5

PPN	OWNER	TYPE	CLASS	TV	INITIAL VALUE	CAPTURE
55-810-348-00	BLISS CLEARING NIAGARA INC		999	\$ -	\$ 1,286,846	\$ (1,286,846)
55-810-350-00	CNC MANUFACTURING		999	\$ -	\$ 11,426	\$ (11,426)
55-814-297-00	DOUGS AUTO PARTS		999	\$ -	\$ 3,600	\$ (3,600)
55-825-507-00	HASTINGS PLASTICS & FINISHING		999	\$ -	\$ 19,488	\$ (19,488)
55-840-850-00	ROYAL PRODUCTS		999	\$ -	\$ 7,090	\$ (7,090)
55-845-156-00	THORNAPPLE PRINTING		999	\$ -	\$ 13,061	\$ (13,061)
55-846-900-00	UNLIMITED FABRICATION		999	\$ -	\$ 4,950	\$ (4,950)
<b>PERSONAL PROPERTY TOTAL</b>				<b>\$ 1,191,200</b>	<b>\$ 1,395,746</b>	<b>\$ (204,546)</b>

<b>AD VALOREM TOTAL</b>	<b>\$ 3,176,990</b>	<b>\$ 2,233,343</b>	<b>\$ 943,647</b>
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55-995-367-00	CO-DEE STAMPING		352	\$ -	\$ -	\$ -
55-995-550-00	CO-DEE STAMPING		352	\$ 14,900	\$ -	\$ 14,900
55-995-630-07	TRI-CLOR INC.		352	\$ 182,200	\$ -	\$ 182,200
55-999-367-00	CO-DEE STAMPING		305	\$ 244,700	\$ -	\$ 244,700
55-999-550-00	CO-DEE STAMPING		305	\$ 202,300	\$ -	\$ 202,300
55-999-630-07	TRI-CLOR INC.		305	\$ 474,000	\$ -	\$ 474,000
<b>IFT PROPERTY</b>				<b>\$ 1,118,100</b>	<b>\$ -</b>	<b>\$ 1,118,100</b>

## EXHIBIT 6

### PROCEDURE FOR THE PREPARATION OF ASSESSMENT ROLLS LOCAL DEVELOPMENT FINANCE AUTHORITY

#### PREPARATION OF BASE YEAR ASSESSMENT ROLL

##### A. Real Property

In accordance with the boundaries set for the tax increment financing district, the Assessor shall list the individual parcels by permanent parcel number and assessed value opposite the owner of said real property.

Properties (building improvements) qualifying for Public Acts 198 of 1974 and 255 of 1978 shall also be listed in a separate itemization by certificate number address, and the valuation for the initial assessed value placed opposite the holder of said certificate.

##### B. Personal Property

In accordance with the boundaries set for the tax increment financing district, the Assessor shall list the individual parcel account number, and place the initial assessed value on the roll for the personal property located within the project area opposite the name of the taxpayer.

Personal property qualifying for Public Act 198 shall be also be listed in a separate itemization by address, certificate number and taxpayer, and the respective assessed value for that personalty located within the tax increment financing district, placed on the assessment roll.

##### C. Copies of Roll, Receipt of

The Assessor shall submit copies of the initial assessed value assessment roll to the City Treasurer, County Treasurer, Local Development Finance Authority, and all other taxing jurisdictions levying property taxes within the Project Area.

##### D. Notice of Assessments; Hearing on Project Area

Those property owners and/or taxpayers listed on the aforesaid base year assessment rolls within the boundaries of the project area are the source of subsequent assessment and hearing notices mailing addresses pertaining to the Project Area and also for compliance with MCL 211.24c (Notices of Assessment Changes).



## EXHIBIT 6

### PREPARATION OF ANNUAL PROJECT AREA ASSESSMENT ROLL AND TAX ROLL

Each year within fifteen days following the final state equalization of property, the Assessor shall prepare an updated base year assessment roll. The updated base year assessment roll shall show the information required in the initial base year assessment roll and the captured assessed value for the current year. Copies of this annual project area assessment roll are to be submitted to the treasurers of those political subdivisions and agencies levying property taxes within the project area and the Local Development Finance Authority.

### PARCEL IDENTIFICATION

#### A. Real Property

1. Appraisal record cards are to be color and/or number coded or otherwise identified for each respective tax increment financing district.
2. The Assessor shall record the amount of captured assessment (or loss) for entry to the system.

#### B. Personal Property

1. Statements mailed in January are to be color and/or number coded or otherwise identified to identify individual accounts with personal property:
  - a. located in the tax increment financing district. (development area)
  - b. located out of the tax increment financing district.
  - c. partially in and partially out of the tax increment financing district.
2. Maps of the tax increment financing area and instructions may be mailed with the annual personal property statement.
3. The assessor shall determine the captured assessed value increase or decrease from the base value year for separate entry.

## EXHIBIT 6

### TAX ROLL AND TAX STATEMENTS

Tax roll and tax statements will provide:

1. Base year assessment and respective tax levy.
2. Captured assessment and respective tax levy.
3. Valuation changes creating revenue losses that are to be subsequently absorbed in the district net total levy. Distribution is to be made by the City Treasurer to the Local Development Finance Authority no later than April 15<sup>th</sup> or November 15<sup>th</sup> following the date of the levy.

## EXHIBIT 7

LDFA PROJECTED CAPTURE						
LDFA	Industrial	Base	Capture	City	County	Net
	Ad Valorem	Value		Mills	Mills	Revenue
	Taxable Value					
2014	2,349,190	837,597	1,511,593	16.0174	5.4176	32,401
2015	2,236,092	837,597	1,398,495	16.0174	5.4176	29,977
2016	1,985,790	837,597	1,148,193	16.0174	5.4176	24,612
2017	2,025,506	837,597	1,187,909	16.0174	5.4176	25,463
2018	2,066,016	837,597	1,228,419	16.0174	5.4176	26,331
2019	2,107,336	837,597	1,269,739	16.0174	5.4176	27,217
2020	2,149,483	837,597	1,311,886	16.0174	5.4176	28,120
2021	2,192,473	837,597	1,354,876	16.0174	5.4176	29,042
2022	2,236,322	837,597	1,398,725	16.0174	5.4176	29,982
2023	2,281,049	837,597	1,443,452	16.0174	5.4176	30,940
2024	2,326,669	837,597	1,489,072	16.0174	5.4176	31,918
2025	2,373,203	837,597	1,535,606	16.0174	5.4176	32,916
2026	2,420,667	837,597	1,583,070	16.0174	5.4176	33,933
2027	2,469,080	837,597	1,631,483	16.0174	5.4176	34,971
2028	2,518,462	837,597	1,680,865	16.0174	5.4176	36,029
2029	2,568,831	837,597	1,731,234	16.0174	5.4176	37,109
2030	2,620,208	837,597	1,782,611	16.0174	5.4176	38,210
2031	2,672,612	837,597	1,835,015	16.0174	5.4176	39,334
2032	2,726,064	837,597	1,888,467	16.0174	5.4176	40,479
2033	2,780,585	837,597	1,942,988	16.0174	5.4176	41,648
2034	2,836,197	837,597	1,998,600	16.0174	5.4176	42,840
2035	2,892,921	837,597	2,055,324	16.0174	5.4176	44,056
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## EXHIBIT 8

### Legal Description for LDFA

SUPERVISOR GLASGOW'S ADDN NO 2, TH W'LY ALG N'LY LN LOT 60 TO A PT WHERE THE SD N'LY LN INTERSEC'S N'LY LN STATE ST., TH SW'LY TO A PT COMM TO THE SE COR LOT 7 JOHN LICHTY'S FIRST ADDN AND S'LY LN SD STATE ST.. TH SE'LY ALG S LN SD STATE ST. TO A PT WHERE SD S LN STATE ST INTERSEC'S N LN CLINTON ST., TH W'LY ALG N LN CLINTON ST TO A PT WHERE SD N LN CLINTON ST INTERSEC'S E LN ORCHARD ST., TH S ALG E LN ORCHARD ST TO THE NW COR LOT 34 FAIRVIEW ADDN, TH E 132 FT TO THE NE COR LOT 34 FAIRVIEW ADDN, TH S ALG THE S'LY EXTENSION OF THE E LN LOT 33 FAIRVIEW ADDN TO A PT WHERE SD E LN INTERSEC'S N SEC LN SEC 20 T3N R8W, TH W ALG N LN SD DEC 165 FT M/L TO THE SE COR LOT 1 BLK 13 KENFIELD'S 2<sup>ND</sup> ADDN TH S 1 DEG 49' W 170 FT, TH N 89 DEG W 149 FT, TH N 1 DEG 49' E 170 FT TO THE N LN SEC 20, TH W ALG SD SEC LN TO THE NE COR AMMON EATON'S ADDN TO THE CITY OF HASTINGS, TH S ALG E LN SD ADDN TO A PT 16.5 FT S OF NE COR LOT 36 AMMON EATON'S ADDN, TH E 32 FT, TH S 168.42 FT, TH W 32 FT TO THE W LN COMM TO E 58 AC N ¼ NE ¼ SEC 20 T3N R8W, TH S ON SD W LN 563.78 FT M/L TO THE SW COR OF THE E 58 AC N ¼ NE ¼ SEC 20, TH E ALG S LN E 58 AC 1254 FT M/L TO A PT 660 FT W OF E LN SD SEC 20, TH S 990 FT ALG THE W LN COMM TO E 660 FT S ¼ NE ¼ SEC 20 T3N R8W, TH E 660 FT TO E LN SD SEC 20, TH S 330 FT TO ¼ POST COMM TO SEC 20 AND SEC 21, TH E ALG E / W ¼ LN 1320 FT M/L TO E BOUNDARY LN HASTINGS CITY LIMITS, TH N ALG SD E BOUNDARY LN 2685 FT M/L TO NE COR LOT 66 SUPERVISOR GLASGOW'S ADDN NO 2 AND S BANK OF THE THORNAPPLE RIVER, TH N'LY ALG S BANK SD RIVER TO P.O.B.