

DOWNTOWN DEVELOPMENT AUTHORITY

OF NORTH BRANCH

**AMENDED AND RESTATED
DEVELOPMENT AND TAX INCREMENT FINANCE PLAN**

DECEMBER 14, 1983

Amendments - December 1990

Amendments - May 5, 1994

Amendments -

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INTRODUCTION

In June of 1979, the Village of North Branch received a matching grant for the Basic Framework Guidelines for the development of the Village of North Branch. The project was completed by the North Branch Planning Commission. The project, however, was not a panacea for all the central business district problems.

During 1983, the North Branch Commons was built making it feasible to develop a Downtown Development Authority.

The purposes of the Development Plan, as written by the Downtown Development Authority of the Village of North Branch, are to prevent deterioration within the business district; to promote the economic growth of the Authority District; to encourage historic preservation; and to establish a positive identity for the Authority District and the entire Village. The DDA effort will be in accordance with the Basic Framework Guidelines for the Development of North Branch.

The North Branch Village Council created the Downtown Development Authority by Ordinance No. 20 which became effective on September 27, 1983. The description of the Downtown Development Authority District is found in Section four of the North Branch Ordinance No. 20. A map depicting the District boundaries is Appendix A of this Plan. The Authority was given all the powers and duties prescribed for a Downtown Development Authority pursuant to Act 197 of the Public Act of 1975.

A tax increment development plan and finance plan was approved by the Village Council in December of 1983.

The first amendment to the plan was made in 1987, incorporating a number of new projects. In December of 1990, the plan was amended to provide for newly recognized projects in the downtown district. In February of 1994, the Village expanded the boundaries of the Downtown District. A map depicting the Downtown District boundaries after expansion is attached as Appendix B. The third amendments to the plan were made in February of 1994. These included the expansion of the development area to conform with the expanded Downtown District and the addition of some new projects.

The purpose of these fourth amendments to the plan is to extend the duration of the plan to October 31, 2023. Tax increment revenues will be used to fund uncompleted projects set forth in the existing plan and additional projects that are now necessary or may become necessary. The additional projects include paying Village indebtedness for the Village water project, including the water tower and well located within the existing Authority boundaries. With the recent termination of the Chamber of Commerce, it is anticipated that the Authority will take on a larger role in business development for the downtown district.

The plan amendments also exclude the capture of township taxes from the east 1/2 of the southeast 1/4 of Section 4, following the taxes billed in the year 2003.

**THE DESIGNATION OF BOUNDARIES OF THE DEVELOPMENT AREA IN
RELATION TO HIGHWAYS, STREETS, STREAMS, OR OTHERWISE. THE
BOUNDARIES OF THE DEVELOPMENT DISTRICT AND DEVELOPMENT AREA
ARE DESCRIBED AS FOLLOWS:**

Commencing at the center of the intersection of Mill Street and Lincoln Street; thence South along the center line of Lincoln Street to the center of the intersection of Lincoln Street and Banker Street; thence West along the center line of Banker Street to the center of the intersection of Banker Street and Monroe Street; thence North along the centerline of Monroe Street to the center of the alley which bisects Porter's Addition; thence West along the centerline of said alley to the West edge of Porter's Addition; thence South to the southern boundary of the Village; thence West along said Southern Village boundary to the West Village boundary; thence North along the West Village boundary line to the center of Mill Street; thence East along the centerline of Mill Street to a point 300 feet West of the East line of West Street; thence South to the center of Huron Street; thence East along the centerline of Huron Street to the center of block 4 of the plat of the Village of Beechville; thence North along the centerline of said block 4 to the North Lot line of Lot 1; thence East along said lot line 65 feet; thence South to the centerline of Huron Street; thence East along the centerline of Huron Street to the center of the intersection of Huron Street and Monroe Street; thence North along the centerline of Monroe Street to the center of Mill Street; thence East along the centerline of Mill Street to the point of commencement.

1994 AMENDMENTS

AND ALSO:

Commencing at the Northeast corner of Lot 7, Block 4, of the Plat of the Village of Beechville, thence East along the North side of Lots 1, 2, 3, and 4 of Block 5, Abram Schells' Addition to Beechville, and continuing East along the North side of Lots 1, 2, 3, 4, and 5 of Block 8; and continuing East along the North side of Lots 1, 2, 3, and 4 of Block 9; and continuing East along the North side of Lots 1, 2, 3, 4 and 9 of Block 12; and continuing East along the North side of Lots 1, 2, 3, and 4 of Block 13 to the Northeast corner of Lot 4 of Block 13 of the Plat of The Henry R. Schells' Addition to the Northeast division of North Branch and thence continuing East to the centerline of Brush Street; thence North along the center of Brush Street to the North side of Mill Street; thence East along the North side of Mill Street to the center of Lot 2, Block 15 of Henry R. Schells' Addition to the Northeast division of North Branch; thence North along the centerline of Lot 2 and Lot 7 to the North line of said Block 15; thence East along the North line of said Block 15; thence South along the East side of said Block 15 to the North side of Mill Street; thence East along the North side of Mill Street to the East end of Mill Street; thence South along the east end of Mill Street; thence East 120 feet to the Village limits; thence South 240 feet to the North line of Huron Street; thence East along the North side of Huron Street to the Village limits; thence South, West, and North along the boundaries of the parcel described as the East one-half of the Southeast one-quarter of Section 4 to the South side of Huron Street; thence West along the South side of Huron Street to the West side of Baldwin Avenue; thence South along the West side of Baldwin Avenue to the South end of Baldwin Avenue; thence West 274.56 feet to the West edge of the former railroad right-of-way; thence North along the West edge of the former railroad right-of-way to the Southeast corner of Block 8, John N. Deo's Addition to the southeast division of North Branch; thence West along the South boundary of said Block 8 to the Southwest corner of Lot 6, Block 8; thence North along the West end of Lots

6 and 3 to the Northwest corner of Lot 3: thence West along the South side of Huron Street to the center of Franklin Street; thence South along the center of Franklin Street to the center of Banker Street; thence West along the centerline of Banker Street to the West side of Lincoln Street; thence North along the West side of Lincoln Street to the point of beginning.

AND ALSO the following described property annexed into the Village in 1989:

Section 5, Town 9 North, Range 11 East, the West 27.7 feet of the East 1776.7 feet of the South 337.96 feet of the North 412.98 feet, part of SE 1/4, and containing .215 acre.

Commencing at the East 1/4 Cor, Section 5, T9N-R11E, North Branch Twp, Lapeer County, Michigan; thence South 88°00' West 1776.70 feet along the E-W 1/4 Line to the Point of Beginning. RUNNING THENCE South 0°46' East 412.98 feet; thence South 88°00' West 222.30 feet; thence North 0°46' West 412.98 feet; thence North 88°00' East 222.30 feet along the E-W 1/4 Line to the Point of Beginning. Being part of the Southeast 1/4, Section 5, T9N-R11E, North Branch Township, Lapeer County, Michigan and containing 2.107 acres.

AND ALSO the following described property annexed into the village in 1990:

Commencing at the East 1/4 Cor. Section 5, T9N-R11E, North Branch Township, Lapeer County, Michigan; thence South 88°00' West 1999.0 feet along the E-N 1/4 line to the Point of Beginning. RUNNING THENCE South 0°46' East 412.98 feet; thence North 88°00' East 250.0 feet; thence South 0°46' East 324.04 feet; thence South 88°00' West 737.02 feet; thence North 0°46' West 737.02 feet; thence North 88°00' East 487.02 feet along the E-W 1/4 line to the point of beginning. Being part of the Southeast 1/4, Section 5, T9N-R11E, North Branch Township, Lapeer, Michigan and containing 10.098 acres more or less including Highway Right-of-Way as shown.

THE LOCATION AND EXTENT OF EXISTING STREETS AND OTHER PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA AND SHALL DESIGNATE THE LOCATION, CHARACTER, AND EXTENT OF THE CATEGORIES OF PUBLIC AND PRIVATE LAND USES THEN EXISTING AND PROPOSED FOR THE DEVELOPMENT AREA, INCLUDING RESIDENTIAL, RECREATIONAL, COMMERCIAL, INDUSTRIAL, EDUCATIONAL, AND OTHER USES AND SHALL INCLUDE A LEGAL DESCRIPTION OF THE DEVELOPMENT AREA.

All streets in the development area are shown on the Development Area map. The public facilities in the development area include the following:

Facilities at 4018 Huron Street: Village Hall
Village Police Station

Facility at end of Beech Street: North Branch Sewage Treatment Facility

Facility at the corner of Banker Street and Monroe Street: North Branch School District's Bus Garage

Museum on Jefferson Street

DPW Building on Huron Street

DPW Building on Mill Street (formerly the Fire Station)

Park

The private land use in the development district includes a mix of commercial and retail, business, professional offices, business offices, and residential structures.

The majority of commercial and retail businesses are concentrated along both sides of Huron Street from Lincoln to Monroe Street. The business and professional offices are widely separated throughout the district. The majority of residential structures are located west of Monroe Street to Elm Street. The 80 acres south of Huron Street on the east side of the Downtown District is being used for industrial development. A Village well and water tower are located on the east side of Bernie Kohler drive and it is anticipated that a new well or wells may be installed on the same site.

DESCRIPTION OF EXISTING IMPROVEMENTS IN THE DEVELOPMENT AREA TO BE DEMOLISHED, REPAIRED, OR ALTERED, A DESCRIPTION OF ANY REPAIRS AND ALTERATIONS, AND AN ESTIMATE OF THE TIME FOR COMPLETION.
[17 (2c)]

There are no plans at the present time to demolish any existing improvements in the development district. However, based on studies that are to be executed under the provisions of this plan, it may become necessary to demolish blighted, underdeveloped or inappropriately developed property to accommodate the recommendations of the studies. Proposals for such action will be brought before the Village Council for amendment of the plan following a public hearing. The public improvements to be made within the development area are the construction of curbs and gutters along selected streets in the district. Detail regarding the project is outlined in the section entitled "Development Area Project". See items F & G.

DEVELOPMENT AREA PROJECTS

THE LOCATION, EXTENT, CHARACTER, AND ESTIMATED COST OF THE IMPROVEMENTS INCLUDING REHABILITATION CONTEMPLATED FOR THE DEVELOPMENT AREA AND AN ESTIMATE OF THE TIME REQUIRED FOR COMPLETION. A STATEMENT OF THE CONSTRUCTION OR STAGES OF CONSTRUCTION PLANNED, AND THE ESTIMATED TIME OF COMPLETION OF EACH STAGE. [17 2d&e)]

A. In cooperation with the Village Council, the DDA will maintain and improve upon the landscaping, decorative lighting, and beautification that has been accomplished in the development area to date. This is an on-going project and the estimated completion date is 2023. The estimated cost is \$60,000.

B. The Authority has executed a street scape study of the authority area and will provide architectural assistance to building owners, on a contractual, no cost basis, who wish to implement the study. The study is to include building facades facing alleys. The estimated completion date is 2011 and the estimated cost is \$25,000.

B1. The Authority will establish a Facade Grant program for eligible facade improvement projects. The program shall operate on a 50/50 basis with the DDA's portion paid directly to the contractor of the project. The DDA's 50% of project costs shall not exceed \$10,000. The Authority shall determine the eligibility of each project by interviewing the business owner, examining a written cost estimate provided by the contractor, and by determining the impact of the project on the downtown district. This is an on-going project and the estimated completion date is December 31, 2023. The estimated cost is \$80,000.

C. Acquire undeveloped and inappropriately developed and blighted property within the authority development area. Prior to acquisition, the DDA will secure the approval of the Village Council. The estimated time for completion is 2023 and the estimated cost is \$175,000. The DDA may take an option to purchase prior to Village Council approval.

D. Acquire property within the development area for redevelopment, resale or lease. The estimated completion date is 2023 and the estimated cost is \$500,000.

E. Commission marketing studies and develop marketing and sales materials for the authority development area in order to attract investment by the private sector. The estimated completion date is 2023 and the estimated remaining cost is \$25,000.

F. In cooperation with the Village of North Branch, construction of curb and gutter at the following location:

240 feet of curb and gutter along the east side of Monroe Street from Mill Street to Huron Street. The Village of North Branch may provide the financing for the curb and gutter along the west side of Monroe Street from Mill Street to Huron Street.

The estimated time for completion is 2011. The remaining cost estimate is \$25,000.

G. The DDA will replace and install sidewalks in the following location:

Installation of 240 feet of new sidewalk on the east side of Monroe Street between Mill Street and Huron Street.

The estimated time for completion is 10 years. The remaining cost is estimated to be \$5,000.

The lists in F & G are not all inclusive, additional items may be added on as an "as needed" basis.

H. Improvement of water mains and wells within the district area. The repair or replacement of water mains and wells within the district area. The estimated time for completion is 2023. The estimated cost for principal and interest is \$1,200,000. The DDA will pay the Village debt for the water and water tower that was added to the development area in 1995.

I. Administration costs are an estimated cost of \$80,000 for the remaining 20 years.

J. The Authority will assist the Village with the construction and maintenance of the municipal sewer system. The estimated cost is \$500,000. This is an on-going project and the estimated completion date is 2023.

K. The Authority will assist the Village with the purchase, construction, or maintenance of a Village museum and other cultural improvement projects. The estimated cost is \$100,000 and the estimated completion date is 2023.

L. The Authority will assist the Village with the repair, maintenance, and construction of streets within the district. The estimated cost is \$200,000 and the estimated completion date is 2023.

M. The Authority will assist businesses within the DDA district with the construction of barrier free entrances. The program shall operate on a 50/50 basis with the DDA's portion paid directly to the contractor of the project. The DDA's 50% of project costs shall not exceed \$5,000. The Authority shall determine the eligibility of each project by interviewing the business owner, examining a written cost estimate provided by the contractor, and by determining the impact of the project on the downtown district. The grant program will have an estimated completion date of 2013 and an estimated \$100,000 project cost.

N. The Authority will assist with police services within the district. The estimated cost is \$180,000 and the estimated completion date is 2016.

O. The construction and improvement of parking structures or lots in key areas within the district. The project is estimated to cost \$150,000 with an estimated completion date of 2013.

P. In order to ensure the economic growth in business development of the development area, the DDA will conduct promotional events in the authority area designed to promote the area to the consumer. The cost is estimated to be \$50,000 with an estimated completion date of 2013.

Q. The DDA will develop property zoned for commercial and/or industrial use within the district. This will be accomplished through land purchase and sales and state and federal economic development aid in the form of grants and loans. Public facilities such as water, sewer, streets, and storm drainage that are necessary to attract investors will be installed. The estimated cost is \$500,000 and the estimated completion date is 2023.

As of the adoption of the fourth amendments to this plan, the following projects, listed previously, have been completed:

500 feet of curb and gutter along the north side of Banker Street, 2 blocks from Jefferson to Lincoln.

750 feet of curb and gutter along the south side of Mill Street, 3 blocks from Monroe Street to Lincoln Street.

250 feet of pavement on the alley from Jefferson Street to Saginaw Street.

250 feet of pavement on the alley from Saginaw Street to Lincoln Street.

Replacement of 250 feet of sidewalk on the north side of Banker Street between Jefferson Street and Saginaw Street.

Installation of 198 feet of new sidewalk on the south side of Huron Street from the entrance drive of the IGA to Beech Street.

Installation of 429 feet of new sidewalk on the south side of Huron Street from Beech Street to the North Branch Commons.

Installation of sidewalks on Huron Street wherever they are not currently located.

Acquisition of the Industrial Park and commercial frontage located in the east ½ of the southeast quarter of Section 4.

A DESCRIPTION OF ANY PARTS OF THE DEVELOPMENT AREA TO BE LEFT AS OPEN SPACE AND THE USE CONTEMPLATED FOR THE SPACE. [17 (2F)]

The DDA will improve the vacated alley between the Village Insurance building, located at 4021 N. Huron and the North Branch Bar and Grill building, located at 4029 N. Huron. The vacated alley will be utilized as a green belt area in the central business district.

A DESCRIPTION OF ANY PORTIONS OF THE DEVELOPMENT AREA WHICH THE AUTHORITY DESIRES TO SELL, DONATE, EXCHANGE, OR LEASE TO OR FROM THE MUNICIPALITY AND PROPOSED TERMS. [17 (2g)]

The DDA has no plans to sell, donate, exchange or lease any portions of the development area to or from the municipality.

A DESCRIPTION, OF DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS, AND UTILITIES. [17 (2b)]

There are no plans at this time to request changes in zoning, streets, street levels, intersections or utilities. However, as discussed previously, certain studies will be conducted, that when completed, could affect one or more of the above items. In that event, approval of the Village Council will be obtained prior to executing such changes.

AN ESTIMATE OF THE COST OF THE DEVELOPMENT, A STATEMENT OF THE PROPOSED METHOD OF FINANCING THE DEVELOPMENT AND THE ABILITY OF THE AUTHORITY TO ARRANGE THE FINANCING. [17 (2i)]

The Development Plan will be financed by a Tax Increment Finance plan. The estimated cost of the total development plan by the DDA over the remaining 20 year time span is \$ 3,955,000. Early stages of development will be financed on a "pay as you go" basis. Bonding will be used as a financing tool in conjunction with developments that take place within the authority development area. The DDA shall not sell any bonds pursuant to this plan or purchase property without approval of the Village Council prior to the issuance of any such bonds. The DDA may also purchase property under land contract and undertake installment contract financing. The DDA intends to pay the remaining Village indebtedness on the water tower and well located on Bernie Kohler Drive.

DESIGNATION OF THE PERSON OR PERSONS, NATURAL OR CORPORATE, TO WHOM ALL OR A PORTION OF THE DEVELOPMENT IS TO BE LEASED, SOLD, OR CONVEYED IN ANY MANNER AND FOR WHOSE BENEFIT THE PROJECT IS BEING UNDERTAKEN IF THAT INFORMATION IS AVAILABLE TO THE AUTHORITY. [17 (2j)]

There is no information available to the Authority at the present time regarding the designation of person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold or conveyed. The project is being undertaken for the benefit of the citizens of North Branch.

When property is redeveloped, it will be leased or sold at fair market value to whatever person or entity determined by the authority to enhance the district.

THE PROCEDURES FOR BIDDING FOR ALL LEASING, PURCHASING, OR CONVEYING IN ANY MANNER OF ALL OR A PORTION OF THE DEVELOPMENT 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 IN ANY MANNER TO THOSE PERSONS. [17 (2k)]

All properties under the Downtown Development Authority will be leased, sold, or conveyed at not less than fair market value.

ESTIMATES OF THE NUMBER OF PERSONS RESIDING IN THE DEVELOPMENT AREA 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 IN THE COMMUNITY, AND THE ESTIMATED CAPACITY OF PRIVATE INDIVIDUALS. [17 (2l)]

There are approximately 200 residents in the authority's development area. The development plan does not call for the displacement of any residents, however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

A PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE DEVELOPMENT AREA. [17 2m)]

The development plan does not call for the displacement of any residents, however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

A 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, BEING PUBLIC LAW 91646, 42 U.S.C. SECTIONS 4601, ET SEQ. [17 (2n)]

The development plan does not call for the displacement of any residents, however if studies or projects necessitate the displacement of any residents, the plan will be amended.

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. [17 (2o)]

The development plan does not call for the displacement of any residents, however, if studies or projects necessitate the displacement of any residents, the plan will be amended.

SOURCES OF FUNDS FOR THE D.D.A.

The Downtown Development Authority Act authorizes several potential sources of funds for the Downtown Development Authority to use in financing its development activities, including the following:

1. Donations.
2. A tax up to two (2) mills levied on the Downtown Development District upon approval of the Village Council, for use in financing the operations of the D.D.A. or for the general fund of the authority for purposes of the authority.
3. Proceeds from a revenue bond issue or general obligation bond issue.
4. Revenues from property owned by the D.D.A.
5. Moneys received from other sources approved by the Village Council.
6. Proceeds of a tax increment financing plan.

The following comments on the first five sources will put in perspective the need for considering the tax increment financing plan.

1. Donations: These funds could be from either individuals or corporations including philanthropic foundations. However, no sources of donations are known to be available to the DDA.
2. Tax Levy: The Authority has determined that the potential tax levy will not be considered. At no time will the Authority levy taxes on personal or real property. It is counter-productive to the goal of the development plan. Levying a tax on the Downtown Development District, as a means of making a "public investment" greatly reduces the economic stimulation effect as the individual businesses would experience an immediate cost from the initial public development. In light of the trend in the tax base of the Downtown Development District, a real public investment is needed, rather than an indirect private investment to stimulate private market forces.
3. Bond Proceeds: Although these are provided in the statute as a "source of financing", they are only a vehicle for borrowing, not an actual source of capital. Whether revenue bonds or general obligation bonds are used, their sale requires the availability of another source of funds to repay them as they mature.

A bond sale may be used for the financing of elements within the development plan. Use of bonding will be determined by the needs of a proposed development inside the boundaries of the development area. The Downtown Development Authority shall not sell any bonds pursuant to this plan without approval of the North Branch Village Council prior to the issuance of any such bonds.

4. Revenue From Properties: This is not a basic source of financing in this case. An income from properties acquired during implementation of the development plan will be applied to costs of that implementation. Excess funds will be used to assist in the financing of other elements within this plan.
5. Other Sources: These might include any general revenues of the Village approved by the Village Council for use by the DDA. It is hoped that the Village will continue to pursue any grants which can be used to finance any portion of the development plan.
6. 100% of the Tax Increment dollars that accrue each year will be used to finance the development plan.

EXPLANATION OF THE TAX INCREMENT FINANCING PROCEDURE

The tax increment financing procedure is contained within the D.D.A. statute. The procedure may be proposed by a Downtown Development Authority as a method of financing a downtown development plan. It then may be adopted by the Village Council, following consultation with taxing units involved and a public hearing as required by statute. The essence of the tax increment financing procedure is as follows:

1. The public makes an investment in public improvements, and also potentially in facilities to be leased or sold to private owners, for the purpose of stimulating private investment in a specific downtown commercial area (the Development Area). The investment may be made in response to a declining business climate and commercial tax base, or in response to a stable business climate and tax base which the public wishes to protect and develop.
2. A bond issue may be sold to finance the improvements.
3. Taxes generated from the subsequent growth in the tax base of the Downtown Development Area are then used to retire the bonded debt. This tax base growth is called the "captured assessed value" (CAV). Specifically, it is the difference between the State Equalized Value (SEV) of the Downtown Development Area at any point in time, and the SEV of the Area in existence at the time of the adoption of the Downtown Development Plan.
4. The taxes which are potentially available for retiring the bonded debt of the Downtown Development Plan include all the taxes normally levied by all the taxing units on the captured assessed value of the Downtown Development Area. The Downtown Development Authority may enter into agreements with each of the taxing units to share a portion of the captured assessed value of the Area. Any taxes generated by the captured assessed value, beyond the amount needed to meet the cost of the specific development project, are returned proportionately to the taxing units (a requirement of the statute).
5. When the specific development/financing plan is accomplished, the captured assessed value is released and the taxing units receive all the taxes levied on it from that point on.
6. Since only the growth in tax base (the captured assessed value) in the Downtown Development Area is used to finance the development plan, the taxing units continue to receive their full tax levy on the Area tax base in existence at the adoption of the development plan. In addition, any taxes generated by the captured assessed value beyond the amount required by the development plan are returned each year to the taxing units.

The justification of the tax increment financing procedure is based on the expectation that all or a portion of the "captured assessed value" which is created, following implementation of a Downtown Development Plan, would not have occurred without the stimulation of the public investment involved in the plan implementation; and therefore, the short-term investment made by the taxing units in forgoing part of the initial growth in tax revenues is repaid by the long-term benefit of substantially greater taxes realized from a significantly stronger commercial tax base.

THE TAX INCREMENT FINANCING PLAN FOR THE VILLAGE OF NORTH BRANCH DOWNTOWN DEVELOPMENT DISTRICT

The specific tax increment financing plan proposed by the Downtown Development Authority is as follows:

1. Purpose: The purpose of this tax increment financing plan is to produce revenues sufficient to pay for the projects outlines in the development plan.
2. Maximum Amount of Bonded Indebtedness: The DDA, in any one year, will not pledge for annual debt service requirements in excess of 80% of the estimated tax increment revenue to be received from the development area for that given year. The total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment will service as to annul principal and interest requirements. The maximum bonded indebtedness for the remaining duration of the plan following the fourth amendments is \$3,718,776.
3. Initial Assessed Value: The initial assessed value, adjusted for land added to the development area in 1994 is \$ 2,630,747.
4. The plan shall provide for the use of all of the captured assessed value arising from the development area except that beginning with taxes billed in December of 2003, the plan will not capture township tax revenue and fire millage arising from the 80 acres described as the east 1/2 of the southeast 1/4 of Section 4 and will not capture the fire millage anywhere within the development area.

For land in the development area subject to capture, the plan will not exclude from captured assessed value growth and property value resulting solely from inflation.

5. Duration of the Program: The tax increment financing plan shall expire at the end of the year 2023.

6. The estimated impact of tax increment financing on the assessed value of taxing jurisdictions in which the development area is located.

It is estimated that as a result of the Tax Increment Financing Plan, the assessed values of all taxing jurisdictions in the development area will increase at the rate of 5% per year.

As a result of amendments to the Downtown Development Authority Act in 1993 and 1994, the Tax Increment Financing Plan will have no impact on the State of Michigan pursuant to the State Education Tax Act or the local or intermediate school districts.

The estimated impact of tax increment financing on the revenues of the County of Lapeer and the Village of North Branch can be derived by applying the millage rate of each of these taxing authorities on the estimated captured assessed value from the development area for each year of the plan. The estimated impact of tax increment financing on the revenues of the Township of North Branch can be derived by applying the millage rate of the Township of North Branch on the estimated captured assessed value on the development area but excluding the east 1/2 of the southeast 1/4 of Section 4.

Based on the assumption that millage rates remain the same during the life of the plan, it is estimated that \$4,270,285 will be raised from all sources from the added years 2004-2023. Approximately 25% of this sum will be derived from county taxes and 7% from township taxes with the remaining 68% being derived from village taxes.