

DOWNTOWN DEVELOPMENT PLAN
And
TAX INCREMENT FINANCING PLAN II
DOWNTOWN DEVELOPMENT AUTHORITY
BAY CITY, MICHIGAN

#1986-8 Adopted June 2, 1986
#2005-____ Amended July 25, 2005

Chapter 1 DOWNTOWN DEVELOPMENT PLAN

1.1 DEFINITIONS

Anticipated Assessed Value

The projected assessed value of a proposed property improvement, as determined by the DDA with input from the City Assessor.

Most Current Assessed Value

The total assessed value of the property(s), as finally equalized by the State of Michigan, in accordance with Section 15(1) of P.A. 197 of 1975 as amended.

Captured Assessed Value

The difference, in any one year, between the Initial Assessed Value and the Most Current Assessed Value.

Captured Annual Increment

The millage rate of all taxing jurisdictions multiplied by the Captured Assessed Value.

Development Agreement

A written agreement between the Downtown Development Authority and a developer committing the DDA to funding certain Internal and/or External Public Improvements pending an agreed upon level and scope of private investment by the developer.

Improved Property

Significant private rehabilitation or new construction within the Development Area.

Internal Public Improvement

An improvement made to a building in accordance with P.A. 221 of 1985 or an "improvement to a facility used by the public or a public facility" as those terms are defined in section 1 of Act. No. 1 of the Public Acts of 1966, being section 125.1351 of the Michigan Compiled Laws, which improvement is made to comply with the barrier free design requirements of the state construction code act of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws. Internal Public Improvements include, but are not necessarily limited to elevator, elevator shaft, barrier free restrooms and modifications needed in order to meet barrier free standards.

External Public Improvement

Any public facility described in section 1(1) of P.A. 197 of 1975 excluding external public improvements. External improvements include streetscape beautification, sidewalks, parking improvements and the like.

Initial Assessed Value

The total real property value as finally equalized by the State of Michigan in May of 1985.

Development Incentive (as amended 7/17/89)

A participation in an interest in real estate by the DDA, as provided by Section 7, subsections (H), (I), (J), and (K) of the Act, for the purpose of inducing private investment in this district in a manner which the DDA finds consistent with the purposes of this plan.

Development Area

The area in which tax increment financing is used for public improvements. This document establishes tax increment financing for the Development Area.

Phase I, II

For the purposes of this plan, Phase I pertains to property improvements and public improvements beginning in 1986. Phase II improvements, which may be completed concurrently with Phase I projects, refer to projects undertaken during the duration of the plan.

1.2 GOALS AND OBJECTIVES

Based upon a review of past plans and studies and local discussion, the Downtown Development Authority has refined its immediate goals of the tax increment financing program. These goals are as follows:

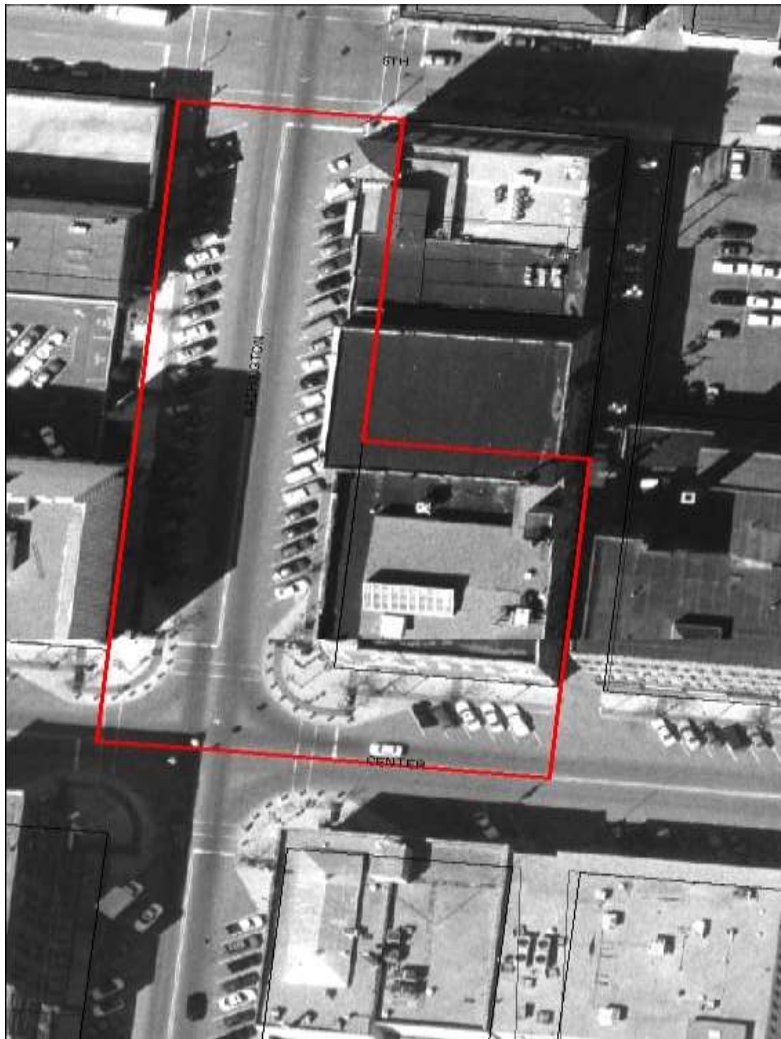
1. To preserve the ability of the DDA to pay for the Wenonah Parking lot using tax increment revenue.
2. To use tax increment financing on a more site specific basis by which to spur private, job creating investment, amending the 1979 development/tax increment financing plan on an as needed basis.
3. To foster full redevelopment of the vacant Kresge property at Center and Washington Avenues, including office development in the upper story space.
4. To continue the streetscape work begun by the DDA in Downtown Bay City, on both Washington Avenue and Center Avenue.

5. To prepare an analysis of economic change in the district, to study and analyze the impact of metropolitan growth upon the district, to develop long-range plans to halt the deterioration of property values as defined in the act.

1.3 BOUNDARIES OF THE BAY CITY DOWNTOWN DEVELOPMENT AREA

1.3.1 Map of the Bay City Downtown Development District

The following map illustrates the boundaries of the Development Area within the Downtown Development Authority and highlights several major public and private land uses.



Boundaries of the Downtown Development Area #2

1.4 LOCATION AND EXTENT OF EXISTING PUBLIC FACILITIES

1.4.1 Amended Legal Description of the Boundaries of Development Area

The following legal description of the Development Area complies with the requirements set forth in P.A. 197 of 1975.

Lots 7 and 8, and the South ½ of Lot 9, Block 54, Lower Saginaw, and that part of Center and Washington Avenues located within, more particularly described as: Commencing at the Southeast corner of said Lot 7; thence Southerly along the East line of said Lot 7, if extended, 50 feet to the centerline of Center Avenue; thence Westerly along the centerline of Center Avenue, 200 feet to its intersection with the West line of Washington Avenue, if extended; thence Northerly along the West line of Washington Avenue, if extended, 350 feet to its intersection with the South line of 5th Street; thence Easterly along the South line of 5th Street, 100 feet to the East line of Washington Avenue; thence Southerly along the East line of Washington Avenue, 300 feet to its intersection with the North line of Center Avenue; thence East along the North line of Center Avenue, 100 feet to the point of beginning.

1.4.2 General Description of Boundaries and Size of the Development Area

The Development Area is commonly known as the site of the former Kresge Store at the Northeast corner of Center and Washington Avenues in downtown Bay City. The building is built to the property lines and is 12, 500 square feet in size per floor. The expanded district encompasses the street rights-of-way along Center Avenue in front of the building, as well as Washington Avenue from Center Avenue to Fifth Street,

The following map shows the approximate location of off-street public parking, streets and alleys near the development area.



1.5 EXISTING IMPROVEMENTS TO BE DEMOLISHED, REPAIRED OR ALTERED

Two basic types of public improvements may be funded with tax increment financing: Internal Public Improvements and External Public Improvements, both defined in Section 1.1. Phase I improvements are projected to occur during the first year or two of the program, as increments become available. Phase II improvements are scheduled for the remainder of the term of tax increment financing, described in Section 2.4 of this document.

1.5.1 Internal Public Improvements

Tax increment revenue may be used for funding barrier free design requirements of the state construction code promulgated under the state construction code act of 1972. P.A. 221 of 1985 amends the DDA Act to expand the definition of "public facility". The act now states that "public facility" includes an improvement to a facility "used by the public" as those terms are defined in Section 1 of Act No. 1 of Public Acts of 1966. Section 1 of the act defines "facility used by the public" as a

building, structure, or improved area utilized for purposes of education, employment, housing other than a privately owned 1 or 2 family dwelling, transportation, or recreation and for the purchase, rental, or acquisitions of goods or services.

1.5.2 External Public Improvements

Additional tax increment revenue may be used for funding External Public Improvements described in the following section.

1.6 LOCATION, EXTENT AND CHARACTER AND COST OF PROPOSED PUBLIC AND PRIVATE IMPROVEMENTS

1.6.1 Phase I Improvements

1.6.1.1 Private Property Improvements

Several significant private property improvements will necessitate Internal and External Public Improvements. These include the adaptive mixed use of the former Kresge Store into leasable commercial space and offices, as well as streetscaping, including lighting, benches, refuse containers and sidewalk repairs.

The former Kresge Building was constructed in the 1940's. The building, which is within the Downtown Bay City Historic District, has a sub-basement, basement, ground floor, second floor and a partial third floor. Public improvements near the building including tree planting, brick sidewalks and appropriate street lighting.

The basement of the Kresge building was previously used for retail, as was the first floor. The second floor houses four offices, employee's lounge, ladies' and men's restrooms with the remainder having been used for warehousing. The third floor, also used for storage, measures approximately 6,000 square feet, instead of the 12,500 square feet offered by the other floors. There is also a sub-basement containing about 1,715 square feet. There is one freight elevator that runs from top to bottom floors.

The building has been totally renovated in an historically correct manner. Entirely new, or substantially updated, systems were required for heating and cooling, electrical and plumbing. Barrier-free design improvements include restrooms, elevator and shaft and lobby area servicing the elevator from the ground floor level.

It was proposed that the building be reused as intensively as economically merited. This usage includes principally retail development in the ground floor area and office space in the second floor. New retail tenants will require separate entrances from the sidewalk. Office development will likely entail construction of a dedicated street level lobby, with elevator serving the second floor. The alley direct east of the building will continue to be used for loading and unloading purposes.

The project has resulted in 10,000 to 12,500 square feet of gross leasable retail space and approximately 10,000 square feet of gross leaseable office space.

1.6.1.2 Location of Proposed Public Improvements

The location of Internal and External Improvements is shown on the following map:



PUBLIC IMPROVEMENTS

	<u>Proposed Improvements</u>	<u>Purpose</u>	<u>DDA Share Est. Costs</u>	<u>Est. Completion Date</u>
1.	Barrier Free: 808 Washington Ave.	Accessibility to all floors of mixed use development.		COMPLETE
2.	Ornamental Lightpost Replacement Washington Ave. (Center to Fifth) & Center – 100 ft East	Improved Business vitality, visibility and safety.	\$ 43,850	2005 - 2015
3.	Trash receptacles Washington Ave. (Center to Fifth) & Center – 100 ft East	Improved Business vitality, Public convenience, District cleanliness.	\$ 8,625	2005 - 2007
4.	Pedestrian Benches Washington Ave. (Center to Fifth) & Center – 100 ft East	Improved Business vitality, Public convenience.	\$ 8,250	2005 - 2007
5.	Public Improvements Sidewalk maintenance, Tree replacement	Improved Business vitality, Public safety.	\$ 9,885	2005 - 2015

All future streetscape improvements will be consistent with the overall design concept developed for the Development Area.

1.7 CONSTRUCTION PHASES AND COMPLETION SCHEDULE

The first floor of the property has been developed and the upper story has been rehabilitation. The first floor rehabilitation included development of an elevator shaft and removal of outdated upper level mechanical system.

Tax Increment revenue will be used for funding barrier free design requirements of the state construction code. PA 221 of 1985 amends the DDA Act to expand the definition of “public facility”. The act now states that “public facility” includes an improvement to a facility “used by the public” that is made to comply with barrier free design requirements of the State Construction Code. The language

in the DDA amendment refers to section 125.1351 and sections 125.1501 to 125.1531 of the Michigan Compiled Laws. It further states that a public facility includes an “improvement to a facility used by the public” as those terms are defined in Section 1 of Act. No. 1 of Public Acts of 1966. Section 1 of this act defines “facility used by the public” as a:

Building, structure, or improved are utilized for purposes of education, employment, housing other than a privately owned 1 or 2 family dwelling, transportation, or recreation and for the purchase, rental, or acquisition of goods or services.

Upon adoption of this amended plan and upon establishment of development agreements as outlined in section 1.11.1 of this plan, the developer may proceed immediately with external and internal public improvements as defined and in accordance with the financing plan reviewed in this development plan.

1.8 OPEN SPACE

The development area includes public open space as shown by the map below. It is anticipated that all public open spaces, shown in the black below will be retained or improved.



1.9 PROPERTY TRANSACTIONS BETWEEN THE DDA AND CITY OF BAY CITY

No portions of the development area will be sold, donated, exchanged or leased using TIF proceeds.

1.10 ZONING, STREET AND UTILITY CHANGES

No significant changes will be made in zoning, street levels and utilities. Streetscape improvements will be completed within the existing right of way. Street reconstruction will be completed as necessary. Changes in intersections and sidewalks will be completed in a manner to improve beauty and function.

1.11 DEVELOPMENT COST AND ABILITY OF THE AUTHORITY TO ARRANGE FINANCING

The DDA may borrow money for funding public facilities as defined in P.A. 197 of 1975 as amended by P.A. 221 of 1985. According to Section 7(g) of P.A. 197, the DDA may:

acquire by purchase or otherwise, on terms and conditions and in a manner the authority deems proper or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, 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, thereto.

In addition, according to Section 7(f) of P.A. 197 of 1975 as amended, the DDA may *make or enter into contracts necessary or incidental to the exercise of its power and the performance of its duties.*

The DDA expects to finance the activities and projects included in the development plan from one 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 sold, owned, leased, licensed or operated by the Authority or under its control.

- c. Tax increment revenue to be received pursuant to the Tax Increment Financing Plan.
- d. Interest on investments.
- e. Proceeds of tax increment bonds.
- f. Proceeds of revenue bonds.
- g. Federal, state and foundation grants.
- h. Money obtained from development agreements with property owners benefitting from public improvements.
- i. Special assessments collected by the City of Bay City for public improvements or maintenance of improvements constructed by the DDA.
- j. Money obtained from any other legal source.

The proceeds to be received from the tax increment revenues in the Development Area 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.

1.11.1 PUBLIC IMPROVEMENTS

The DDA may use different repayment techniques for Public Improvements. That is, Public Improvements may be financed by the developer with annual debt service payments made by the DDA using Capture Annual Increments. Also, Public Improvements may be financed by the DDA using a variety of (but not limited to) financing sources including conventional lending, foundations and grants and other public sources including revolving loan funds. The DDA maintains the right to borrow money from other sources in anticipation of captured increments.

The developer financed all Internal Public Improvements and was repaid for those improvements as reflected in a Development Agreement with the Downtown Development Authority. The cost of Internal Public Improvements was repaid by the DDA to the developer concurrently with the developer's overall mortgage financing. The term of repayment on Internal Public Improvements was sufficiently long enough to assure that TIF revenue was available to pay for the needed Exterior Public Improvements identified in the plan.

In order to finance Public Improvements, the private developer and DDA must show in the Development Agreement that the property improvement is of a magnitude to create sufficient tax increment revenues to pay for those improvements. Public improvements may be expanded, altered or deleted as these needs are refined.

The Development Agreement shall specify the nature, cost and timing of improvements to be made by the developer and the DDA. It shall include at least the following components:

1. A written description of all phases of the project, including a summary of new commercial, office or residential space to be developed;
2. A cost summary of the project, including the cost of needed Interior Public Improvements;
3. A description and cost summary of needed Exterior Public Improvements;
4. The Anticipated Assessed Value (Taxable Value after 1994) of the Improved Property as determined by the DDA with input from the City Assessor;
5. A projected debt retirement schedule reflecting the DDA payment to the financing sources;
6. Evidence that project financing is or will likely be available for the property improvement.

1.11.2 INTERNAL PUBLIC IMPROVEMENTS

The developer has financed the cost of all Internal Public Improvements. The developer has been repaid the entire amount by the DDA from the Captured Annual Increments

1.11.2.1 EXTERNAL PUBLIC IMPROVEMENTS

External Public Improvements may be financed in part by a loan to the DDA from the City of Bay City. Lending institutions may participate. This loan shall be repaid from captured annual increments as negotiated between the City of Bay City and the DDA and between local lenders and the DDA.

The DDA may borrow funds against the Revolving Fund in anticipation of tax increment financing only when a Development Agreement between the City and the DDA is executed.

1.11.3 ADDITIONAL PUBLIC IMPROVEMENTS

Public improvements shall be funded through the use of any one or more of the funding sources listed in Section 1.11 of this Plan. Additional Internal Public Improvements shall be funded by the DDA in accordance with Section 1.11. External Public Improvements may be accelerated by the use of non-TIF funds, such as federal grants – in-aid for community development.

1.11.4 DEVELOPMENT INCENTIVE

The DDA, may, pursuant to the Development/Tax Financing Plan, provide development incentives for the purposes of insuring the completion of the development projects hereinabove set forth and other development projects not inconsistent with this development plan, such may be done by the acquisition of options, leases, subleases and other interests in real estate as permitted by the act.

At this time, there is no agreement to undertake any such specific incentive on behalf of any person or persons, natural or corporate (pursuant to section 17(j) of the act). It is anticipated that in any case in which the DDA extends a development incentive for the purpose of furthering this plan, that any acquisition of the real estate subject to said incentive by the developer shall be negotiated before the incentive is extended. Therefore, there is no provision for bidding for the leasing, purchasing or conveying in any manner of all or a portion of the development upon its completion. The DDA may consider incentives that are legally possible and tailor them to each separate project as it comes up.

1.12 DESIGNATION OF PARTY TO WHOM A PORTION OF THE DEVELOPMENT IS TO BE CONVEYED

Improvements that are made in order 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) will remain as the property of private property owners.

1.13 PROCEDURES FOR LEASING, PURCHASING AND CONVEYING PROPERTY

The cost of Internal Public Improvements will be repaid annually with captured tax increments, pending a development agreement with the Downtown Development Authority. The cost of External Public Improvements is described

in Section 1.11. The DDA may acquire, either through purchase or otherwise, such land and other property, real or personal, or rights or interests therein, which the DDA determines is reasonably necessary to achieve the purposes of Act 197.

1.14 NUMBERS OF PERSON WITHIN THE DEVELOPMENT AREA

There are less than 100 residents within Development Area #3.

1.15 RELOCATION

There will no relocation of persons or businesses as a result of this plan.

1.16 COMPLIANCE WITH ACT NO. 227 OF 1972

The DDA intends to fully comply.

1.17 AMENDING DEVELOPMENT PLAN

This Development Plan may be amended from time to time as needed in order to reflect new projects and to assure timely payment of public improvements. The following conditions shall govern the amendment process:

1. The plan may be amended through the same process as its adoption; including two public hearing notices, the first being not less than 20 days prior to the hearing;
2. If, at any time, due to substantially depreciating property in the Development area, tax increments are projected to be insufficient to pay for Internal and External Public Improvements, the DDA may amend the Development plan to exclude those properties, providing that internal public improvements are not being financed within those properties;
3. Although Development Area has in the past been characterized by depreciating property values, the proposed program is projected to reverse the decline;
4. Additional public improvements may be completed without amending the Development Plan to reflect new private property improvements in the development area, providing that a development agreement is executed with the City and the additional project does not delay or diminish identified as internal and external public projects. For example, an internal public improvement may become a project, providing that a Development Agreement is executed in accordance with Section 1.11.

CHAPTER 2 TAX INCREMENT FINANCING PLAN

2.1 INTRODUCTION

This tax increment financing plan is established to make possible the financing of the public improvements necessary for the development of Downtown Bay City in accordance with Development Plan for that area and as authorized in section 1.11.4 of Chapter 1, Development Plan. Chapter One, the Development Plan is hereby incorporated by reference as part of the Tax Increment Financing Plan (adopted 6-2-1986).

2.2 TAX INCREMENT FINANCING PROCEDURE

The TIF procedure as outlined in the Act requires the adoption by the City, by resolution, of a development plan and a tax increment financing plan. Following the adoption of the resolution, the municipal and county treasurers are required by law to transmit to the Downtown Development Authority that portion of the tax levy of all taxing bodies paid each year on the "capture assessed value" of all property located in the development area. The amounts so transmitted are hereinafter referred to as "tax increment revenue." The "captured assessed value" is defined as the amount in any year by which the current assessed value in the development area (including the assessed value that appears on the tax roll under Act 198 of the Public Acts of 1974 or Act 255 of the Public Acts of 1978) exceeds the Initial Assessed Value of all property in the development area. The current assessed value, as finally equalized in May of 1985 is \$147,500 for real property.

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 or from private owners, including the possible acquisition of options, leases, subleases and other interests in real estate as permitted by the act, for the purpose of stimulating private investment in a specific area (the development area.) The investment may be made in response to a declining business climate and tax base which the public wishes to protect and develop (adopted 6-2-1986.)
2. Bonds may be issued to finance the improvements. This is not mandatory, as tax increments received may be used in any manner the authority desires, provided those uses are described in this plan. Should increments be sufficient to warrant the selling of bonds (tax

increment bonds) these bonds are retired in a manner prescribed by the authority.

3. Taxes generated from subsequent growth in the tax base of the development district are retained and utilized by the authority. This tax base is called the “captured assessed value.” Specifically, it is the difference between the State Equalized Value (SEV) of the 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 that are potentially available to the authority include all of the taxes normally levied by all the taxing units on the captured assessed value of the Downtown Development District. The plan may provide for the use of part or all of the captured assessed value. If the Downtown Development Authority chooses, it may enter into agreements with each of the taxing units to share a portion of the captured assessed value of the district. Should the Authority find it necessary to use all of the captured assessed value, it shall be clearly stated in this plan.
5. When the specified 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 development area is used to finance the development plan, the taxing units continue to receive their full tax levy on the District 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” 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 foregoing part of the initial growth in tax revenues is repaid by the long-term benefit of substantially greater taxes realized from a stronger commercial base.

2.3 THE AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

Not applicable.

2.4 THE DURATION OF THE PROGRAM

The development program is scheduled for completion 30 years following the adoption of the plan. In order to meet the goals of the development plan, the DDA will use all of the captured value within the development area. If the public facilities to be funded with tax increment financing are paid prior to the 30 year period, this development/tax increment financing plan and the development district shall be dissolved. Tax increment financing may only be used in a manner outlined in the development plan.

The amendment of this plan does not change its duration.

2.5 IMPACT OF TIF ON OTHER TAXING JURISDICTIONS

2.5.1 TAX INCREMENT FINANCING ISSUES

Tax increment financing is a potentially valuable tool for financing public improvements and encouraging increased private investment in Bay City. The financing for public improvements comes from the increase in property tax revenues generated by new private development. Since the increase in property taxes is captured by the DDA, that increase in property taxes is directed away from the other taxing jurisdictions levying a millage in the Downtown area.

The following table specifies the millage rate, 1985 State Equalized Value and size of the development area's SEV as a percentage of SEV against which each taxing jurisdiction levies its millage.

Comparison of Taxing Jurisdictions' SEV's

Taxing Jurisdiction	Millage * per Taxing Jurisdiction	Total Base Value SEV of Each Taxing Jurisdiction 1985 (A)	Base 1985 SEV of Development Area (B)	Ratio of SEV of Development Area to Total Jurisdiction (B / A)
Bay City Public Schools	33.4500	\$ 620,783,000	\$ 147,500	0.0237%
Bay-Arenac ISD	2.9800	\$1,585,551,000	\$ 147,500	0.0093%
Bay County	8.7500	\$1,393,836,000	\$ 147,500	0.0105%
City of Bay City	23.0000	\$ 294,505,000	\$ 147,500	0.0499%
Delta College	1.6000	\$5,200,337,000	\$ 147,500	0.0028%
Total Millage	69.7800			

2.5.2 TOTAL TAX INCREMENT REVENUE

Given anticipated levels of investment, the taxable value of the property has increased from \$147,500 to approximately \$191,509 since inception of the program in 1985. This has resulted in a current captured value increment of \$44,009, and amount in increment revenue approximating \$1,400, depending upon the revised assessed value as finally equalized.

Projected Revenues:

Year	Total Taxable Value with 2.3% growth	Initial Assessed Value (1985)	Total Captured Taxable Value	Tax Increment Revenue
Fund Balance & Interest Income				\$ 47,725
2005	191,509	\$147,500	44,009	\$ 1,354
2006	195,914	"	48,414	\$ 1,489
2007	200,420	"	52,920	\$ 1,628
2008	205,029	"	57,529	\$ 1,770
2009	209,745	"	62,245	\$ 1,915
2010	214,569	"	67,069	\$ 2,063
2011	219,504	"	72,004	\$ 2,215
2012	224,553	"	77,053	\$ 2,371
2013	229,718	"	82,218	\$ 2,530
2014	235,001	"	87,501	\$ 2,692
2015	240,406	"	92,906	\$ 2,858
TOTAL				\$ 70,610

2.5.3 IMPACT UPON THE CITY OF BAY CITY

Assuming the above discussed investment levels and a zero growth rate in property tax values, the impact upon the City budget will be extremely minimal. An annual tax increment of \$44,000 resulting from anticipated private investment will mean approximately .01 percent of the TV of the City will be captured by the DDA. This is minimized further given that no tax base increase would be possible without the private investment enabled by the tax increment financing mechanism.

2.5.4 IMPACT UPON THE BAY CITY PUBLIC SCHOOLS

As a result of the 1981 amendment to the State School Aid Act, the captured assessed value of the property in the DDA development area is excluded from the SEV of the school district for the purpose of estimating whether or not the school is in formula. From this perspective, the development that occurs as a result of TIF actually aids the school district by keeping the SEV/student ratio low.

The Taxable Value against which the School System levies its millage is in excess of \$1.42 billion. This means that the captured TV of the Development Area represents approximately 0.01% of the system's total TV.

2.5.5 IMPACT UPON THE INTERMEDIATE SCHOOL DISTRICT

The taxable value of properties within the Bay-Arenac Intermediate School District's jurisdiction currently exceeds \$2.95 billion dollars. Since the Taxable Value of the Development area represents an extremely small portion of that total, and since only the increase in property taxes will be captured, there will be virtually no impact on the Intermediate School District.

2.5.6 IMPACT UPON BAY COUNTY

The County Government currently levies 11.0326 (2004) mills upon a tax base of \$2.45 billion dollars. The impact of capturing the increase in the value of the development area will have negligible impact.

2.5.7 IMPACT UPON DELTA COLLEGE

Delta College currently levies 2.0427 (2004) mills against a property tax base of nearly \$10.23 billion dollars. The portion of the tax increment directed away from Delta College will be minimal.

Appendix A

Public Hearing Notice

Appendix B

Resolution and Ordinance