TAX INCREMENT FINANCING

AND

DEVELOPMENT PLAN

SAULT STE. MARIE
DOWNTOWN DEVELOPMENT AREA
NUMBER ONE

Prepared by
Sault Ste. Marie Downtown Development Authority
Sault Ste. Marie, Michigan
October 1986
1st Amendment October 1988
2nd Amendment February 1991
3rd Amendment March 1993
4th Amendment March 2004
5th Amendment May 2009

Adopted by City Commission: November 17, 1986
1st Amendment: November 25, 1988
2nd Amendment: February 4, 1991
3rd Amendment: May 3, 1993
4th Amendment: April 19, 2004
5th Amendment:
WE HEREBY CERTIFY that the foregoing Ordinance was adopted by the City Commission of the City of Sault Ste. Marie, Michigan on the _______ day of ______________, 2009.

ANTHONY G. BOSBOUS
Mayor

ROBIN R. TROYER
City Clerk
TAX INCREMENT FINANCING
AND
DEVELOPMENT PLAN
Sault Ste. Marie Downtown Development Area Number One

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PREFACE TO THE AMENDMENT

In 1993, the Sault Ste. Marie City Commission adopted the 3rd Amendment to the original Development Plan and Tax Increment Financing Plan for Development Area Number One. That amendment was initiated and adopted to reflect both a greater increment than was originally anticipated when the plan was adopted in 1986 as well as to reflect more recent downtown design work that articulated in greater details and with greater cost precision the improvements anticipated in the downtown.

In 2004, the Sault Ste. Marie City Commission adopted the 4th amendment to the plan as an effort to bring the plan up to date, and to reflect the undertaking of developing a badly-needed parking structure in Development Area Number One. This particular parking deck project had received significant support with the recent approval of a CDBG grant obtained by the City. There are also some additional improvements included in the plan that reflected current needs within the plan area.

The original plan was given a 20 year life-span, with the plan set to terminate in 2006. While many of the original improvements have been accomplished, there still remain several improvements not yet accomplished, as well as the new parking deck, and additional time in the plan period will be required to accomplish the goals of the plan. Consequently, the Tax Increment Plan amendment includes provisions that will extend the plan period by another 20 years.

The current amendment to the plan is to address two primary issues: the expansion of the Tax Increment Financing Authority district boundaries and to include within the plan the construction of medical office buildings with connecting overhead walkways between the medical office buildings, the Osborn Boulevard Parking Structure, War Memorial Hospital and other buildings within the vicinity.

FORMAT NOTES
As this is an amendment to the original plan, most of the language of the original plan is left intact. The original format is retained, and specific language changes (or tables) are highlighted to identify the changes that are incorporated by this amendment.
INTRODUCTION

In 1980, the City Commission of Sault Ste. Marie created a Downtown Development Authority, pursuant to the provisions of Act 197 of the Public Acts of 1975, as amended. In creating the Authority, it recognized the dangers posed by a declining downtown area, and took the first steps in correcting them. This development plan and accompanying tax increment plan is another step.

Property value stagnation and decline is a serious problem in downtown Sault Ste. Marie. For several years the focus of development in the City has been shifting to the I-75 Business Spur. Development of the Business Spur is a positive sign and should be encouraged, but not at the expense of the downtown. If the downtown decays, any gains made elsewhere in the community will be cancelled out, and the City will continue to stagnate. This basic problem is magnified by the importance of the downtown to the City's image. Nearly every visitor to Sault Ste. Marie passes through the downtown, and its condition will play a critical role in his judgment of the City. A healthy downtown will encourage him to recommend a visit to the City to others and increase the likelihood of he himself returning. A memory of decaying facilities and a cheerless atmosphere will cause him to spend his time and money elsewhere.

Any revitalization of the downtown must be a joint public/private venture. Neither entity appears strong enough to succeed on its own. The City took the first step by creating the Downtown Development Authority. The private side began responding in the early 1990s when the City Assessor completed his reassessment project in 1994, property values in the downtown increased slightly. To sustain and expand on this small bit of growth, the Downtown Development Authority outlines a number of public projects in this development plan. These projects will be funded with tax increment financing. This type of financing uses the extra taxes generated by growth in the downtown to build projects needed to support that growth. In other words, the downtown will help revitalize itself. The tax increment procedure is explained later in the plan.

The Area One Development Plan and Tax Increment Financing Plan addresses a specific section of the downtown. The area from the Easterday Avenue intersection to the Power canal bridge continuing north to the intersection of Ashmun with Ridge and Maple is the retail and office center of the downtown. With the recent and expected growth of the hospital, the downtown and Area Number One are also on the verge of becoming a major medical center of the community. Its needs are different from those of the more tourism-oriented Portage Avenue area. To ensure that both places receive the attention that they deserve, each has its own independent development plan.

With the development projects set forth in this Area One Development Plan and the method to finance them detailed in the accompanying Tax Increment Financing Plan, the Downtown Development Authority believes it has addressed the public's role in the downtown revitalization process, and hereby recommends the Area One Development Plan and Tax Increment Financing Plan to the City Commission.
CITY OF SAULT STE. MARIE

DOWNTOWN DEVELOPMENT AUTHORITY

Board of Directors

At original Adoption November 1986

May 2009

Chairman: Dr. Tom Robinson Vacant

Vice Chairman: Frank Price Tammy Cook

Secretary: Fred Smith Susan Merrill

Treasurer: Linda Bell

Anthony Andary

Norajean Wilcox Vacant

Carol Askwith Sonja Norris

Stanley Bright Will Karr

Jack Haller Dewey Baldwin

Steve Madigan Carl Stutzner

Audrey Ojala Spencer Nebel

Warren Parker City Manager

Rick Sadler

Neal Godby

City Manager

DDA Director Maria Lee Brown
FIFTH AMENDED
AREA ONE
DEVELOPMENT PLAN
CITY OF SAULT STE. MARIE

This development plan specifies the public improvements that the DDA feels will be instrumental in revitalizing Development Area One. The supporting information required by Public Act 197 is also included.

A. Boundaries of the Development Area
The general boundaries of Development Area One may be described as: One complete area which is divided by the Edison Sault Power Canal. The area to the north of the canal is bound by the Edison Sault Power Canal on the south, Bingham Avenue and Court Street on the east, Maple/Ridge Street on the north and Osborn Boulevard on the west. All properties adjoining or abutting Bingham Avenue or Osborn Boulevard are included in Development Area One. The area to the south of the canal is bound by the canal on the north, Court Street from the power canal to Easterday Avenue, Easterday Avenue from Court Street to Ashmun Street then south on Ashmun Street to Adam's Avenue on the east and the south side of Pine Street on the west. All properties adjoining or abutting the west side of Court Street, the north side of Easterday Avenue or either side of Ashmun Street are included in Development Area One.

B. Existing Public and Private Land Uses
Map 2 shows the existing public and private land uses in Development Area One as they existed at the original adoption of the plan. Public streets and alleys are left blank except where their extent is unclear. The owners of the land parcels included in Area One as they existed at the original adoption of the plan are listed in Table 2. The various public and private uses are typical of a small town central business district. Commercial and office users are mixed somewhat haphazardly with residential, religious, and public uses. Development Area One contains no industry. The proposed land uses for the development area as they existed at the original adoption of the plan are shown on Map 3 and Map 3a.

C. Description of Improvements and Alterations, Timing and Priorities
The proposed improvements and alterations are set forth below. In general, the plan projects are intended to encompass and include a range of streetscape and public improvements as may be necessary, including parking lot and deck development, utility improvements, parking, rear-store access, street resurfacing, curb replacement, drainage, sidewalks and pedestrian ways, decorative lights, street trees, landscaping, signing, canopies, street furniture and design detailing such as, but not limited to, benches, trash container, tree grates, tree lights, indirect lighting, bulletin boards, locator signs and related improvements.

Power Canal Park (Peck Street)
Provide a more positive first impression of downtown and visual access to the Power Canal with improvements to make it a functional pedestrian space, including landscaping, a canal overlook, and fountain with sluice to the canal, an orientation marker, informational signing, and visitor parking.
Ashmun Streetscape
Pedestrian improvements to include trees, paving lighting, kiosks, pedestrian signing, street furniture, utilities and resurfacing trash containers, sidewalks, curbs, drainage, underground utilities and resurfacing.

Kiosks/Walkway Extensions
Extend pedestrian walkway areas into the street at key points to indicate pedestrian links between shopping and parking areas and identify them with kiosks, which will be roofed for shelter, and pedestrian improvements including benches, crosswalk buoy markers, lighting, signing, planters and special paving as part of a unified streetscape treatment to facilitate pedestrian shopping activity and improve pedestrian links to parking areas.

Pedestrian Links to Parking
Improve pedestrian links between shopping and parking areas behind stores with lighting, signing, paving and landscaping.

Edge Treatment
Organize the traffic circulation to parking lots and improve the appearance of the lots from the street with consistent landscape treatment and signing to improve overall image.

Parking Lots and Pedestrian Rear Access to Stores
Improve rear access and image with sidewalks, trees, special paving, pedestrian lights, parking lot lights, under grounding of utilities, adjustments to parking layout, edge planting, and storm water systems.

Signing
A unified signing program will provide welcoming, informational and directional signs for the benefit of both vehicular and pedestrian traffic to tourism attractions, shopping areas, and community facilities in Sault Ste. Marie’s downtown areas, and community facilities in Sault Ste. Marie’s downtown area.

Placement of Utilities Underground
An important part of this development is to place underground most of the overhead utilities in the development area.

Parking Lot Development
In addition to the physical improvements of existing parking areas, the redevelopment of the old Kresge corner on Ashmun at Spruce (now the Avery Center) and the major expansion of War Memorial Hospital dictate the development of additional parking in this area, including a parking deck on property between Oaka and Osborn Boulevard, and overhead crosswalks between the hospital, medical office buildings, the parking structure and other buildings in the vicinity.

As part of rear store access and parking improvements, lease arrangements, partnership agreements, and/or minor acquisitions of back lots of several businesses may be undertaken, and developed as part of a comprehensive parking improvement plan in certain blocks, especially the Oaka block.
Facade Improvements
The building facades along the streets in the development area are integral to the visual impact and success of the downtown shopping area, and efforts to assist with appropriate improvements consistent with the plan are considered a public purpose. The plan includes loan and/or grant programs, as well as design workshops, to assist and encourage proper improvements and rehabilitation of the facades.

The general character of design improvements has been derived from the strong industrial, iron, and brick images of the downtown Sault Ste. Marie area, as well as its Great Lakes shipping activity. Materials to be used include strong, sturdy materials, such as stone from commercial buildings and churches, steel from bridges and the Soo Locks area, the massiveness of the passing lake freighters, and lighting reflective of the City’s nautical setting.

The palette of design materials begins to suggest a unified design treatments influenced by the characteristics of the downtown and its seaway setting. A channel marker concept of way finding, with kiosks, markers and skeleton buoys, indicate pedestrian routes and crossings. Frameworks and support for the signing has an industrial waterway motif. Pedestrian lighting echoes the design of lighthouse lanterns. Copper and brass will be used on light fixtures and for the roofs of kiosks and markers.

As part of the Development Plan, the DDA may provide for DDA administrative costs, financing charges, engineering, design and related expenses, in connection with implementation of the Tax Increment Financing and Development Plan. The DDA may also provide for necessary repair/replacement of Development Plan improvements in Area One during the life of the Plan.

The improvements already constructed and scheduled to be constructed are shown on Maps 4 through 6 and 6a, and are summarized on Table 1. The maps indicate the location and nature of the improvements in general priority order on the four maps. The table identifies the improvements and their estimated costs in the same priority sequence.

Every project is assigned to one of four priority levels. Projects assigned a higher priority level (Level One being higher than Level Two) are generally expected to be undertaken before lower priority projects are begun. Each priority level also has an estimated construction time frame. These time frames indicate when the DDA estimates the Projects in the levels can be constructed.

It is recognized that circumstances may alter actual construction dates and affect the order in which projects may be undertaken. The DDA may undertake any project contained within the Plan at any time regardless to the priority level when the DDA determines it is in the best interest of the Plan to do so. However, no project can be added without amending the Plan.

It is also recognized that circumstances may require some variation in the precise location of a project or improvement. Some variation in the exact location of a project is acceptable if the DDA determines that variation is still consistent with the intent of the Plan.

The reason for organizing the improvements in this manner is that available financing may vary widely. While the Downtown Development Authority considers its tax increment revenue projections for the development area to be reasonable, such figures are projected estimates only, and the actual amount of tax increment funds generated will vary from the projection. It is recognized that the total funds generated will vary from the projection. It is recognized that the total estimated cost of the development projects is greater that the projected revenues in the Tax Increment Financing Plan. This overrun is deliberate and reflects the possibility that the Authority may receive more funds than it projected and/or actual project costs may be less than anticipated. In the reverse case,
if sufficient funds do not become available and/or costs are greater than anticipated so that all projects cannot be completed within the life of the plan, the priority system provides that higher priority projects will be considered first.

Finally, several of the projects outlined in this plan require the participation and cooperation of citizens, businesses and property owners. Such cooperation will affect the timetable and details of the projects. The DDA shall make every effort to complete the plan as outlined, although actual circumstances may dictate otherwise. In such an event, the Development Plan shall be amended as necessary. (Grounds for amending the plan include: adding new projects, or substantially altering the nature or location of a project. All amendments require City Commission approval.)

D. Open Spaces and Uses
Of the 136 parcels in Development Area One that existed at the original adoption of the plan, parcels D-16 and D-30 were used as private open space in 1986, and parcels B-1, B-2, B-3, B-8 and D-34 were used as public open space. Of the private parcels, D-16 is a lawn area used by the adjacent apartment building on parcels D-17 and D-18. D-30 was designated for acquisition in the 1986 original plan, and has been subsequently acquired by the DDA. This parcel is intended to be split, with part of the parcel designated as a public walkway and the remainder sold for retail development. Public parcel D-34 is designated for development as a park facility. Public open spaces B-1, B-2, B-3 and B-8 would be sold for infill retail development under this plan.

E. Transactions between City and Authority
It is the general intent of the Plan that any property acquired and improvements completed as a result of the Plan will become the property of the City. The City will retain full control of all improvements unless it chooses to make arrangements with other parties. The DDA, as a public entity created by the City with its own authority to own land and other property, may elect to be the purchasing or holding party. Subsequent arrangements regarding ownership of such acquired lands and facilities may be made by the City and the DDA as may be in the best interest of both the City and the Development Plan.

In the event there is a dispute between the City and the DDA as to ownership of property, the decision of the City Commission shall prevail and be final.

F. Zoning
In 1986, there was one parcel (F-17) that was incorrectly zoned for the future use. That parcel has since been rezoned. No further zoning changes are necessary.

G. Changes in Streets, Street Levels, Intersections and Utilities
No significant changes were anticipated in 1986 in streets, street levels or intersections, and none were included in the Development Plan for Area One. A subsequent change in the alignment of Governor Osborn Boulevard and the intersection with Spruce Street was deemed needed and appropriate for future development and safety, and was accomplished in 2003 using non-TIFIA funds. Utilities will be placed underground and other utilities, including storm drainage, will be addressed as set forth in Table 1.

H. Cost of Development and Method of Financing the Development
The estimated cost of the development proposed for Development Area One is summarized on Table 1. The Authority intends to finance the improvements through a combination of periodic Tax Increment Revenue Bonds, municipal general obligation bonds, direct payments from available funds and/or any other financing method allowed by law.
I. Residents in Development Area and Number to be Displaced
There are 98 people living in Development Area One as of the 1980 Census. No displacement of residents is anticipated under the development plan.

J. Business in Area to be Displaced
In 1986, there were seven business and one religious organization located on properties designated for acquisition in the Development Plan. Three of those businesses have been relocated and their properties acquired in the years prior to the 1993 amendments. No additional acquisition is planned.

Any acquisition and resulting relocation will be carried out as outlined in the City's Housing Relocation and Uniform Relocation Assistance Plan in accordance with all applicable local, state and federal laws, including Act 227 of the Michigan Compiled Laws and the federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970. The City of Sault Ste. Marie Housing Relocation and Uniform Relocation Assistance Plan is by reference made a part of this document. Provision for relocation expenses has been included in the project cost estimates.

K. All provisions of this Development Plan may be amended by the City Commission, in accordance with law, upon recommendation of the DDA or otherwise. The DDA shall report each year to the City Commission on the status of this development and its accompanying Tax Increment Financing Plan.
Table 1  
**DOWNTOWN DEVELOPMENT IMPROVEMENTS**  
**AREA ONE**

**The improvements set forth in the original 1986 Plan (as amended) are shown below.**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Projects</th>
<th>Estimated Costs</th>
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| **Priority One Projects 1986-1992** | a. Tree Base Treatments - Ashmun (Spruce to Maple)  
b. Elevated Electrical Outlets on yellow lights  
c. Decorative lights - Ashmun (Canal to Maple)  
d. Acquisition of Gustafson Lot  
e. Acquisition and development of first phase of Court Street parking lot  
f. Hudson Lot Parking Improvements | -accomplished- |
| **Priority Two Projects 1993-1996** | a. Comprehensive Directional Signing | $38,000  
b. Ashmun Streetscape Project - Canal to Maple, encompassing sidewalks, pavers, seat walks, buoy crossings indicators, planters, trees, lights, signs, curbs, trash containers and including pedestrian crossings and kiosks pedestrian walkways to parking areas  
- streetscape | 651,500  
- kiosks/walkways extensions (4) | 240,000  
- pedestrian links to parking areas (3) | 122,800  
| **Total** | | $1,002,300 |
| **Priority Three Projects 1997-2000** | a. Parking lot redevelopment and rear store pedestrian access improvements, Encompassing, paving curbs lights, landscaping, planters, signs sidewalks, trees, benches, trash containers, under grounding of utilities and drainage  
- Hallmark Block  
- Oaka Block | 282,000  
504,000  
| b. Power Canal Park | 188,000  
| **Total** | | $974,000 |
| **Priority Four Projects 2001-2006** | a. Parking lot redevelopment and rear store pedestrian access improvements  
- Woolworth Block | 280,000  
| b. Side street streetscapes and edge treatments  
-Spruce: Osborn to Ashmun  
-Spruce: Ashmun to Bingham  
-Dawson: Ashmun to Bingham  
-Arlington: Osborn to Ashmun  
-Peck/Osborn: Ashmun to Ridge  
-Ridge/Maple: South Side  
-Library Drive/Court Street | 232,500  
173,950  
123,500  
171,500  
28,000  
33,000  
45,000  
| c. Court Street lot expansion, including acquisition and parking development | 500,000  
| d. Town Center (Ashmun/Arlington, Ridge) including parking lot/deck, site improvements mixed use community structure | 2,410,000  
| **Total** | | $3,997,450 |

*These costs are for planning purposes only. Actual costs will vary depending on the timing of project and the specific construction drawings.*
At the time of this 2009 amendment, many of the Priority Two Projects and one of the Priority Three Projects have been accomplished, including the Ashmun Streetscape Project, kiosks and walkway extensions, links to parking areas, and the Power Canal Park. The Priority Three Projects are changed somewhat, with the specific addition of a parking deck as well as overhead walkways, in the Oaka lot to address the needed parking space, along with the addition of streetscape work for South Ashmun. The Priority Three and Priority Four Projects are amended accordingly in this amendment.

The Amended Development Plan Improvements schedule is set forth below, and addresses these changes as well as the remaining improvements in the Plan area. This schedule supersedes and updates the original schedule above.

**DOWNTOWN DEVELOPMENT IMPROVEMENTS**

**AREA ONE (Amended)**


a. Parking deck in Oaka lot block $6,400,000

b. **Overhead Walkways**, surface parking improvements in this block, including rear-store pedestrian access improvements, encompassing paving, curbs, lights, landscaping, planters, signs, sidewalks, trees, benches, trash containers, under grounding of utilities and drainage $2,000,000

c. Hallmark Block parking improvements, including rear-store pedestrian access improvements, encompassing paving, curbs, lights, landscaping, planters, signs, sidewalks, trees, benches, trash containers, under grounding of utilities and drainage 500,000

d. **Comprehensive Directional Signing (south Ashmun Area)** 50,000

e. **South Ashmun Streetscape Project** -
   - Canal to Easterday intersection, encompassing sidewalks, pavers, seat walks, buoys crossings indicators, planters, trees, lights, signs, curbs, trash containers and including pedestrian crossings and kiosks pedestrian walkways to parking areas
     - streetscape 700,000
     - kiosks/walkways extensions (4) 250,000
     - pedestrian links to parking areas (3) 125,000

$10,025,000
Priority Four Projects (2016-2027)

a. Arlington lot parking improvements $500,000

b. Parking lot improvements and rear store pedestrian access improvements in the Huntington Block 350,000

c. Court Street parking lot improvements 250,000

d. Fire Hall structure/site improvements 500,000

e. Side street streetscapes and edge treatments
   - Spruce: Osborn to Ashmun $300,000
   - Spruce: Ashmun to Bingham 300,000
   - Dawson: Ashmun to Bingham 250,000
   - Arlington: Osborn to Ashmun 280,000
   - Peck/Osborn: Ashmun to Ridge 80,000
   - Ridge/Maple: South Side 200,000
   - Library Drive/Court Street 100,000
   - Ann: Ashmun to Court 300,000
   - Ann: Ashmun to Brown 300,000
   - Leroy Street 250,000

$3,960,000
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**ADDITIONAL (2009)...........................................................................................................$3,297,844**
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<td>Bear Lake, MI 49614</td>
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<td>G-2</td>
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<td>Spring Insurance Agency</td>
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**ADDITIONAL PROPERTIES INCLUDED IN AMENDMENT (2004)**

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<td>I-5</td>
<td>17-51-925-252-00</td>
<td>Theodore E. Maleport</td>
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**ADDITIONAL PROPERTIES INCLUDED IN AMENDMENT (2009)**

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<td>Wilcox Professional Services 816 Ashmun St Suite 2</td>
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<td>AllStar Graphics 822 Ashmun St</td>
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<td>U P Engineers &amp; Architects, Inc 707 Ashmun St</td>
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<td>Dyke Justin – Law Office 713 Ashmun St</td>
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ADDITIONAL (2009) .................................................................................................................. $589,600
Table 1 (amended)

**TAX INCREMENT PROJECTIONS**

Development Area #1
Tax Increment Financing Plan

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<th>Base Value</th>
<th>Value Increment</th>
<th>Tax Rate</th>
<th>Tax Increment</th>
<th>Obligations</th>
<th>School Cap</th>
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<th>Base Value</th>
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<th>Tax Rate</th>
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1986 Base Year Assessed Value-Real $3,853,280
Assessed Value-Personal $608,450
Total $4,461,730

2004 Addition: Taxable Value-Real $441,205
Taxable Value-Personal $61,700
Total $502,905

RECALCULATED BASE YEAR 2005 $4,964,635

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<th>Year</th>
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<th>Tax Base</th>
<th>Market Value</th>
<th>Tax Rate</th>
<th>Taxable Value</th>
<th>Special Assessments</th>
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**NOTES**

2008-09 adjusted to actual and 2010-11 adds in Riverside.

2014-15 adds in $2,400,000 additional taxable value for 2nd Medical Office Building

2009-10 adds in TIFA 1/DDA Expansion of Real Estate Base $3,323,697 & Personal Property of $589,600

*May-09*
TAX INCREMENT FINANCING
AND
DEVELOPMENT PLAN

SAULT STE. MARIE
DOWNTOWN DEVELOPMENT AREA
NUMBER ONE

Prepared by
Sault Ste. Marie Downtown Development Authority
Sault Ste. Marie, Michigan
October 1986
1st Amendment October 1988
2nd Amendment February 1991
3rd Amendment March 1993
4th Amendment March 2004

Adopted by City Commission: November 17, 1986
1st Amendment: November 25, 1988
2nd Amendment: February 4, 1991
3rd Amendment: May 3, 1993
4th Amendment: April 19, 2004
TAX INCREMENT FINANCING
AND
DEVELOPMENT PLAN
Sault Ste. Marie Airport Property Area

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Public Act 197 of 1975, as amended

APPENDIX B:
Ordinance to Amend and Approve Area One Development Plan and Tax Increment Financing Plan
PREFACE TO THE AMENDMENT

In 1993, the Sault Ste. Marie City Commission adopted the 3rd Amendment to the original Development Plan and Tax Increment Financing Plan for Development Area Number One. That amendment was initiated and adopted to reflect both a greater increment than was originally anticipated when the plan was adopted in 1986 as well as to reflect more recent downtown design work that articulated in greater details and with greater cost precision the improvements anticipated in the downtown.

The current amendment to the plan is an effort to bring the plan up to date, and to reflect the current undertaking of developing a badly-needed parking structure in Development Area Number One. This particular parking deck project has received significant support with the recent approval of a CDBG grant obtained by the City. There are also some additional improvements included in the plan that reflect current needs within the plan area.

The original plan was given a 20 year life-span, with the plan set to terminate in 2006. While many of the original improvements have been accomplished, there still remain several improvements not yet accomplished, as well as the new parking deck, and additional time in the plan period will be required to accomplish the goals of the plan. Consequently, the Tax Increment Plan amendment includes provisions that will extend the plan period by another 20 years.

FORMAT NOTES
As this is an amendment to the original plan, most of the language of the original plan is left intact. The original format is retained, and specific language changes (or tables) are highlighted to identify the changes that are incorporated by this amendment.

Specifically, in the Development Plan, changes are made in Section A (a minor adjustment in the Development Plan boundaries), Section C (clarification of the improvements to be undertaken in the plan), Section D clarifying the use of certain Open Space in the plan, Section F (minor clarifications in the zoning changes proposed), Section J (clarification of language), and updates and changes to Map 4 "Proposed Land Uses" and Table 1 "Development Plan Improvements."

In the Tax Increment Plan, changes are made in Section C and Section E (providing for the extended life of the plan), and on Table 1 "Tax Increment Projections" and Table 4 "Projected Impact of Tax Increment Financing Upon Taxing Jurisdictions."
AREA ONE
DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN
CITY OF SAULT STE. MARIE

INTRODUCTION

In 1980, the City Commission of Sault Ste. Marie created a Downtown Development Authority, pursuant to the provisions of Act 197 of the Public Acts of 1975, as amended. In creating the Authority, it recognized the dangers posed by a declining downtown area, and took the first steps in correcting them. This development plan and accompanying tax increment plan is another step.

Property value stagnation and decline is a serious problem in downtown Sault Ste. Marie. For several years the focus of development in the City has been shifting to the I-75 Business Spur. Development of the Business Spur is a positive sign and should be encouraged, but not at the expense of the downtown. If the downtown decays, any gains made elsewhere in the community will be cancelled out, and the City will continue to stagnate. This basic problem is magnified by the importance of the downtown to the City's image. Nearly every visitor to Sault Ste. Marie passes through the downtown, and its condition will play a critical role in his judgment of the City. A healthy downtown will encourage him to recommend a visit to the City to others and increase the likelihood of he himself returning. A memory of decaying facilities and a cheerless atmosphere will cause him to spend his time and money elsewhere.

Any revitalization of the downtown must be a joint public/private venture. Neither entity appears strong enough to succeed on its own. The City took the first step by creating the Downtown Development Authority. The private side began responding in the early 1990s when the City Assessor completed his reassessment project in 1994, property values in the downtown increased slightly. To sustain and expand on this small bit of growth, the Downtown Development Authority outlines a number of public projects in this development plan. These projects will be funded with tax increment financing. This type of financing uses the extra taxes generated by growth in the downtown to build projects needed to support that growth. In other words, the downtown will help revitalize itself. The tax increment procedure is explained later in the plan.

The Area One Development Plan and Tax Increment Financing Plan addresses a specific section of the downtown. The area from the Power canal bridge to the intersection of Ashmun with Ridge and Maple is the retail and office center of the downtown. With the recent and expected growth of the hospital, the downtown and Area Number One are also on the verge of becoming a major medical center of the community. Its needs are different from those of the more tourism-oriented Portage Avenue area. To ensure that both places receive the attention that they deserve, each has its own independent development plan.

With the development projects set forth in this Area One Development Plan and the method to finance them detailed in the accompanying Tax Increment Financing Plan, the Downtown Development Authority believes it has addressed the public's role in the downtown revitalization process, and hereby recommends the Area One Development Plan and Tax Increment Financing Plan to the City Commission.
CITY OF SAULT STE. MARIE

DOWNTOWN DEVELOPMENT AUTHORITY

Board of Directors

At original Adoption
November 1986

February 2004

Chairman: Dr. Tom Robinson
Brenda Ransom
Vice Chairman: Frank Price
Kristie Anderson
Secretary: Fred Smith
Erika Craven
Treasurer: Linda Bell
Norajean Wilcox

Anthony Andary
Carol Askwith
Stanley Bright
Jack Haller
Steve Madigan
Audrey Ojala
Warren Parker
Rick Sadler
Neal Godby
City Manager

Lee Shirey
DDA Director
AREA ONE
DEVELOPMENT PLAN
City of Sault Ste. Marie
AREA ONE
DEVELOPMENT PLAN
CITY OF SAULT STE. MARIE

This development plan specifies the public improvements that the DDA feels will be instrumental in revitalizing Development Area One. The supporting information required by Public Act 197 is also included.

A. Boundaries of the Development Area
The general boundaries of Development Area One may be described as the Edison Sault Power Canal on the south, Bingham Avenue and Court Street on the east, Maple/Ridge Street on the north and Osborn Boulevard on the west, as shown on Map 1. All properties adjoining or abutting Osborn Boulevard are included in Development Area One. The legal description of the area is as follows:

Beginning at the intersection of the North bank of the Edison Sault Power Canal and the East edge of the Bingham Avenue Bridge, thence northerly along the East line of Bingham Avenue to the South line of Carrie Street, thence easterly along said South line to the East boundary line of the West 190 feet of Lot 1, Block 4, Comptroller's Subdivision No. 4 extended, thence northerly along said East property along to the North line of Spruce Street, thence westerly along said North line to the East line of Court Street, thence northerly along said east line to the Centerline of Maple Street. Thence westerly along said centerline of Maple Street to a point where this line becomes the centerline of Ridge Street, continuing westerly along said Centerline to a point where this line intersects the westerly property lines of those properties abutting or adjoining Governor Osborn Boulevard; thence southerly along said westerly property lines of those properties abutting or adjoining Governor Osborn Boulevard to the South line of Peck Street. Thence easterly along said South line of Peck Street to the West line of Lot 479, Assessor's Subdivision No 11, thence southerly along said West property line to the North bank of the Edison Sault Power Canal. Thence easterly in a meandering direction along said North Canal bank to Point of Beginning.

B. Existing Public and Private Land Uses
Map 2 shows the existing public and private land uses in Development Area One as they existed at the original adoption of the plan. Public streets and alleys are left blank except where their extent is unclear. The owners of the land parcels included in Area One as they existed at the original adoption of the plan are listed in Table 2. The various public and private uses are typical of a small town central business district. Commercial and office users are mixed somewhat haphazardly with residential, religious, and public uses. Development Area One contains no industry. The proposed land uses for the development area as they existed at the original adoption of the plan are shown on Map 3.

C. Description of Improvements and Alterations, Timing and Priorities
The proposed improvements and alterations are set forth below. In general, the plan projects are intended to encompass and include a range of streetscape and public improvements as may be necessary, including parking lot and deck development, utility improvements, parking, rear-store access, street resurfacing, curb replacement, drainage, sidewalks and pedestrianways, decorative lights, street trees, landscaping, signing, canopies, street furniture and design detailing such as,
but not limited to, benches, trash container, tree grates, tree lights, indirect lighting, bulletin boards, locator signs and related improvements.

**Power Canal Park (Peck Street)**
Provide a more positive first impression of downtown and visual access to the Power Canal with improvements to make it a functional pedestrian space, including landscaping, a canal overlook, fountain with sluice to the canal, an orientation marker, informational signing, and visitor parking.

**Ashmun Streetscape**
Pedestrian improvements to include trees, paving lighting, kiosks, pedestrian signing, street furniture, utilities and resurfacing trash containers, sidewalks, curbs, drainage, underground utilities and resurfacing.

**Kiosks/Walkway Extensions**
Extend pedestrian walkway areas into the street at key points to indicate pedestrian links between shopping and parking areas and identify them with kiosks, which will re roofed for shelter, and pedestrian improvements including benches, crosswalk buoy markers, lighting, signing, planters and special paving as part of a unified street scape treatment to facilitate pedestrian shopping activity and improve pedestrian links to parking areas.

**Pedestrian Links to Parking**
Improve pedestrian links between shopping and parking areas behind stores with lighting, signing, paving and landscaping.

**Edge Treatment**
Organize the traffic circulation to parking lots and improve the appearance of the lots from the street with consistent landscape treatment and signing to improve overall image.

**Parking Lots and Pedestrian Rear Access to Stores**
Improve rear access and image with sidewalks, trees, special paving, pedestrian lights, parking lot lights, under grounding of utilities, adjustments to parking layout, edge planting, and storm water systems.

**Signage**
A unified signing program will provide welcoming, informational and directional signs for the benefit of both vehicular and pedestrian traffic to tourism attractions, shopping areas, and community facilities in Sault Ste. Marie’s downtown areas, and community facilities in Sault Ste. Marie’s downtown area.

**Undergrounding of Utilities**
An important part of this development is to place underground most of the overhead utilities in the development area.

**Parking Lot Development**
In addition to the physical improvements of existing parking areas, the redevelopment of the old Kresge corner on Ashmun at Spruce (now the Avery Center) and the major expansion of War Memorial Hospital dictates the development of additional parking in this
area, including a parking deck on property between Oaka and Osborn Boulevard.

As part of rear store access and parking improvements, lease arrangements, partnership agreements, and/or minor acquisitions of back lots of several businesses may be undertaken, and developed as part of a comprehensive parking improvements in certain blocks, especially the Oaka block.

Facade Improvements
The building facades along the streets in the development area are integral to the visual impact and success of the downtown shopping area, and efforts to assist with appropriate improvements consistent with the plan are considered a public purpose. The plan includes loan and/or grant programs, as well as design workshops, to assist and encourage proper improvements and rehabilitation of the facades.

The general character of design improvements has been derived from the strong industrial, iron, and brick images of the downtown Sault Ste. Marie area, as well as its Great Lakes shipping activity. Materials to be used include strong, sturdy materials, such as stone from commercial buildings and churches, steel from bridges and the Soo Locks area, the massiveness of the passing lake freighters, and lighting reflective of the City's nautical setting.

The palette of design materials begins to suggest a unified design treatments influenced by the characteristics of the downtown and its seaway setting. A channel marker concept of wayfinding, with kiosks, markers and skeleton buoys, indicate pedestrian routes and crossings. Frameworks and support for the signing has an industrial waterway motif. Pedestrian lighting echoes the design of lighthouse lanterns. Copper and brass will be used on light fixtures and for the roofs of kiosks and markers.

As part of the Development Plan, the DDA may provide for DDA administrative costs, financing charges, engineering, design and related expenses, in connection with implementation of the Tax Increment Financing and Development Plan. The DDA may also provide for necessary repair/replacement of Development Plan improvements in Area One during the life of the Plan.

The improvements already constructed and scheduled to be constructed are shown on Maps 4 through 6 and are summarized on Table 1. The maps indicate the location and nature of the improvements in general priority order on the four maps. The table identifies the improvements and their estimated costs in the same priority sequence.

Every project is assigned to one of four priority levels. Projects assigned a higher priority level (Level One being higher than Level Two) are generally expected to be undertaken before lower priority projects are begun. Each priority level also has an estimated construction time frame. These time frames indicate when the DDA estimates the Projects in the levels can be constructed.

It is recognized that circumstances may alter actual construction dates and affect the order in which projects may be undertaken. The DDA may undertake any project contained within the Plan at any time regardless to the priority level when the DDA determines it is in the best interest of the Plan to do so. However, no project can be added without amending the Plan.

It is also recognized that circumstances may require some variation in the precise location of a project or improvement. Some variation in the exact location of a project is acceptable if the DDA determines that variation is still consistent with the intent of the Plan.
The reason for organizing the improvements in this manner is that available financing may vary widely. While the Downtown Development Authority considers its tax increment revenue projections for the development area to be reasonable, such figures are projected estimates only, and the actual amount of tax increment funds generated will vary from the projection. It is recognized that the total funds generated will vary from the projection. It is recognized that the total estimated cost of the development projects is greater than the projected revenues in the Tax Increment Financing Plan. This overrun is deliberate and reflects the possibility that the Authority may receive more funds than it projected and/or actual project costs may be less than anticipated. In the reverse case, if sufficient funds do not become available and/or costs are greater than anticipated so that all projects cannot be completed within the life of the plan, the priority system provides that higher priority projects will be considered first.

Finally, several of the projects outlined in this plan require the participation and cooperation of citizens, businesses and property owners. Such cooperation will affect the timetable and details of the projects. The DDA shall make every effort to complete the plan as outlined, although actual circumstances may dictate otherwise. In such an event, the Development Plan shall be amended as necessary. (Grounds for amending the plan include: adding new projects, or substantially altering the nature or location of a project. All amendments require City Commission approval.)

D. Open Spaces and Uses
Of the 136 parcels in Development Area One that existed at the original adoption of the plan, parcels D-16 and D-30 were used as private open space in 1986, and parcels B-1, B-2, B-3, B-8 and D-34 were used as public open space. Of the private parcels, D-16 is a lawn area used by the adjacent apartment building on parcels D-17 and D-18. D-30 was designated for acquisition in the 1986 original plan, and has been subsequently acquired by the DDA. This parcel is intended to be split, with part of the parcel designated as a public walkway and the remainder sold for retail development. Public parcel D-34 is designated for development as a park facility. Public open spaces B-1, B-2, B-3 and B-8 would be sold for infill retail development under this plan.

E. Transactions between City and Authority
It is the general intent of the Plan that any property acquired and improvements completed as a result of the Plan will become the property of the City. The City will retain full control of all improvements unless it chooses to make arrangements with other parties. The DDA, as a public entity created by the City with its own authority to own land and other property, may elect to be the purchasing or holding party. Subsequent arrangements regarding ownership of such acquired lands and facilities may be made by the City and the DDA as may be in the best interest of both the City and the Development Plan.

In the event there is a dispute between the City and the DDA as to ownership of property, the decision of the City Commission shall prevail and be final.

F. Zoning
In 1986, there was one parcel (F-17) that was incorrectly zoned for the future use. That parcel has since been rezoned. No further zoning changes are necessary.

G. Changes in Streets, Street Levels, Intersections and Utilities
No significant changes were anticipated in 1986 in streets, street levels or intersections, and none were included in the Development Plan for Area One. A subsequent change in the alignment of Governor Osborn Boulevard and the intersection with Spruce Street was deemed needed and appropriate for future development and safety, and was accomplished in 2003 using non-TIFA
funds. Utilities will be placed underground and other utilities, including storm drainage, will be addressed as set forth in Table 1.

H. Cost of Development and Method of Financing the Development
The estimated cost of the development proposed for Development Area One is summarized on Table 1. The Authority intends to finance the improvements through a combination of periodic Tax Increment Revenue Bonds, municipal general obligation bonds, direct payments from available funds and/or any other financing method allowed by law.

I. Residents in Development Area and Number to be Displaced
There are 98 people living in Development Area One as of the 1980 Census. No displacement of residents is anticipated under the development plan.

J. Business in Area to be Displaced
In 1986, there were seven business and one religious organization located on properties designated for acquisition in the Development Plan. Three of those businesses have been relocated and their properties acquired in the years prior to the 1993 amendments. No additional acquisition is planned.

Any acquisition and resulting relocation will be carried out as outlined in the City's Housing Relocation and Uniform Relocation Assistance Plan in accordance with all applicable local, state and federal laws, including Act 227 of the Michigan Compiled Laws and the federal Uniform Relocation Assistance and Real Property Acquisition Act of 1970. The City of Sault Ste. Marie Housing Relocation and Uniform Relocation Assistance Plan is by reference made a part of this document. Provision for relocation expenses has been included in the project cost estimates.

K. All provisions of this Development Plan may be amended by the City Commission, in accordance with law, upon recommendation of the DDA or otherwise. The DDA shall report each year to the City Commission on the status of this development and its accompanying Tax Increment Financing Plan.
**Table 1**

**DOWNTOWN DEVELOPMENT IMPROVEMENTS**

**AREA ONE**

The improvements set forth in the original 1986 plan (as amended) are shown below.

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<tr>
<th>Priority One Projects 1986-1992</th>
<th>Estimated Costs</th>
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<tbody>
<tr>
<td>a. Tree Base Treatments - Ashmun (Spruce to Maple)</td>
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<td>b. Elevated Electrical Outlets on yellow lights</td>
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<td>c. Decorative lights - Ashmun (Canal to Maple)</td>
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<tr>
<td>d. Acquisition of Gustafson Lot</td>
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<td>e. Acquisition and development of first phase of Court Street parking lot</td>
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<td>f. Hudson Lot Parking Improvements</td>
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| Priority Two Projects 1993-1996 |  |
| a. Comprehensive Directional Signing | $38,000 |
| b. Ashmun Streetscape Project - Canal to Maple, encompassing sidewalks, pavers, seat walks, buoy crossings indicators, planters, trees, signs, curbs, trash containers and including pedestrian crossings and kiosks pedestrian walkways to parking areas - streetscape | 651,500 |
| - kiosks/walkways extensions (4) | 240,000 |
| - pedestrian links to parking areas (3) | 122,800 |

**Priority Three Projects 1997-2000**

| a. Parking lot redevelopment and rear store pedestrian access improvements, Encompassing, paving curbs lights, landscaping, planters, signs sidewalks, trees, benches, trash containers, under grounding of utilities and drainage - Hallmark Block | 282,000 |
| - Oaka Block | 504,000 |
| b. Power Canal Park | 188,000 |

**Priority Four Projects 2001-2006**

| a. Parking lot redevelopment and rear store pedestrian access improvements - Woolworth Block | 280,000 |
| b. Side street streetscapes and edge treatments - Spruce: Osborn to Ashmun | 232,500 |
| - Spruce: Ashmun to Bingham | 173,950 |
| - Dawson: Ashmun to Bingham | 123,500 |
| - Arlington: Osborn to Ashmun | 171,500 |
| - Peck/Osborn: Ashmun to Ridge | 28,000 |
| - Ridge/Maple: South Side | 33,000 |
| - Library Drive/Court Street | 45,000 |
| c. Court Street lot expansion, including acquisition and parking development | 500,000 |
| d. Town Center (Ashmun/Arlington, Ridge) including parking lot/deck, site improvements mixed use community structure | 2,410,000 |

**$3,997,450**

*These costs are for planning purposes only. Actual costs will vary depending on the timing of project and the specific construction drawings.

At the time of this 2004 amendment, many of the Priority Two Projects, and one of the Priority Three Projects have been accomplished, including the Ashmun Streetscape Project, kiosks and walkway extensions, links to parking areas, and the Power Canal Park. The Priority Three Projects are changed somewhat, with the specific addition of a parking deck in the Oaka lot to address the needed parking space. The Priority Three and Priority Four Projects are amended accordingly in this amendment.
The Amended Development Plan Improvements schedule is set forth below, and addresses these changes as well as the remaining improvements in the Plan area. This schedule supercedes and updates the original schedule above.

**DOWNTOWN DEVELOPMENT IMPROVEMENTS**

**AREA ONE (Amended)**


a. Parking deck in Oaka lot block $6,400,000

b. Surface parking improvements in this block, including rear-store pedestrian access improvements, encompassing paving, curbs, lights, landscaping, planters, signs, sidewalks, trees, benches, trash containers, under grounding of utilities and drainage 500,000

c. Hallmark Block parking improvements, including rear-store pedestrian access improvements, encompassing paving, curbs, lights, landscaping, planters, signs, sidewalks, trees, benches, trash containers, under grounding of utilities and drainage 500,000 $7,400,000

**Priority Four Projects (2016-2027)**

a. Arlington lot parking improvements $500,000

b. Parking lot improvements and rear store pedestrian access improvements In the Huntington Block 350,000

c. Court Street parking lot improvements 250,000

d. Fire Hall structure/site Improvements 500,000

e. *Side street streetscapes and edge treatments*
   - Spruce: Osborn to Ashmun $300,000
   - Spruce: Ashmun to Bingham 300,000
   - Dawson: Ashmun to Bingham 250,000
   - Arlington: Osborn to Ashmun 280,000
   - Peck/Osborn: Ashmun to Ridge 80,000
   - Ridge/Maple: South Side 200,000
   - Library Drive/Court Street 100,000 $3,110,000
Table 2  
PARCEL DATA FOR DEVELOPMENT  
AREA 1

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<tr>
<th>SECTION</th>
<th>TAX PARCEL</th>
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| A-1     | 17-51-142-064-00 | Harry and Rose Forman  
105 E. Silver Spring Drive  
PO Box 17607  
Milwaukee, WI 53217 | 125,930       | Public Service |
| A-2     | 17-51-142-061-00 | City                                       | Exempt        | Public Parking       |
| A-3     | 17-51-142-033-00 | City                                       | Exempt        | Public Service       |
| A-4     | 17-51-142-056-00 | First of America Bank- Sault  
320 Ashmun Street | 247,590       | Commercial           |
| A-5     | 17-51-142-055-00 | First of America Bank- Sault  
320 Ashmun Street | 18,200        | Commercial           |
| B-1     | 17-51-144-178-00 | City                                       | Exempt        | Public Open Space    |
| B-2     | 17-51-144-180-00 | City                                       | Exempt        | Public Open Space    |
| B-3     | 17-51-144-181-00 | City                                       | Exempt        | Public Open Space    |
| B-4     | 17-51-144-183-00 | I.O.O.F Corporation                       | 38,120        | Commercial           |
| B-5     | 17-51-144-184-00 | Lawrence Oberman and Max Barish  
321 Ashmun Street | 81,000        | Commercial           |
| B-6     | 17-51-144-186-50 | City                                       | Exempt        | Public Alley         |
| B-7     | 17-51-144-186-00 | John P Haller  
327 Ashmun Street | 39,300        | Commercial           |
| B-8     | 17-51-144-187-00 | City                                       | Exempt        | Public Open Space    |
| B-9     | 17-51-144-188-00 | National Office Products  
322 Court Street | 8,000         | Commercial           |
| B-10    | 17-51-144-189-00 | Soo Professional Center  
1907 Ashmun Street | 25,000        | Commercial           |
| B-11    | 17-51-144-190-00 | Maltaas and Arfstrom  
415 Ashmun Street | 8,000         | Commercial           |
| B-12    | 17-51-144-190-30 | Maltaas and Arfstrom  
415 Ashmun Street | 21,100        | Commercial           |
| B-13    | 17-51-144-190-60 | Robert and Bonnie Arfstrom  
415 Ashmun Street | 20,000        | Commercial           |
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<td>17-51-144-199-00 Polyclinic Corporation 300-306 Court Street</td>
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<td>17-51-144-198-00 City</td>
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<td>17-51-144-193-00 John P. and Joan Haller 322 Court Street</td>
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<td>B-22</td>
<td>17-51-144-191-00 City</td>
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<td>B-23</td>
<td>17-51-144-192-00 Central Methodist Church 111 E. Spruce Street</td>
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<td>C-1</td>
<td>17-51-142-123-60 War Memorial Hospital 500 Osborn Boulevard</td>
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<td>Vacant Private Building</td>
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<td>17-51-142-123-30 Kevin Light 803 N. Campus Court</td>
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<td>C-3</td>
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<td>17-51-142-124-00 Salvation Army 132 W. Spruce Street</td>
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<td>17-51-142-131-00 Fred L. Smith 1907 Ashmun Street</td>
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<td>17-51-142-132-00</td>
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<td>C-13</td>
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<td>17-51-142-136-50</td>
<td>Lawrence Brownlee</td>
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<td>James Brownlee</td>
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<td>David J. Adams</td>
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<td>c/o Paul Andary Specht Realty</td>
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<td>Box 368, Main Street</td>
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<td>17-51-148-138-00</td>
<td>Clay F. Wallis</td>
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<td>17-51-008-027-00</td>
<td>Gertrude Riordan</td>
<td>505 East 10th</td>
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<td>17-51-008-022-00</td>
<td>Chippewa-Luce-Mackinaw CAA</td>
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<td>17-51-008-024</td>
<td>Montgomery Ward</td>
<td>Tax Division 18-N One Montgomery Ward Plaza</td>
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Chicago, Illinois |
<p>| D-5 | 17-51-008-021-00 | City | Exempt | Public Parking |
| D-6 | 17-51-008-021-30 | City | Exempt | Public Parking |
| D-7 | 17-51-008-020-60 | Northland Office Supply 329 Ashmun Street | 8,100 | Vacant Private Building |
| D-8 | 17-51-008-020-00 | City | Exempt | Public Parking |
| D-9 | 17-51-008-020-60 | Millie Desormeau, et al 536 Oaka Street | 8,850 | Single Family Residence |
| D-10 | 17-51-008-020-30 | City | Exempt | Public Parking |
| D-11 | 17-51-008-019-00 | City | 3,130 | Public Parking |
| D-12 | 17-51-008-018-00 | City | Exempt | Public Parking |
| D-13 | 17-51-008-018-50 | City | Exempt | Public Parking |
| D-14 | 17-51-008-017-00 | City | Exempt | Public Parking |
| D-15 | 17-51-008-017-50 | City | Exempt | Public Parking |
| D-16 | 17-51-218-042-50 | Jack Ames and Wife 132 Peck Street | 300 | Private Open Space |
| D-17 | 17-51-008-016-00 | Jack Ames and Wife 132 Peck Street | 1,250 | Multi-Family Residence |
| D-18 | 17-51-008-015-00 | Jack Ames and Wife 132 Peck Street | 30,670 | Multi-Family Residence |
| D-19 | 17-51-008-001-00 | B and C Corporation Barry Newcomb and Clay Wallis 418 Ashmun Street | 17,800 | Commercial |
| D-20 | 17-51-008-002-00 | Clay Wallis and Barry Newcomb 418 Ashmun Street | 10,400 | Vacant Private Building |
| D-21 | 17-51-008-003-00 | MNSS Land Development Corp 1907 Ashmun Street | 10,300 | Commercial |
| D-22 | 17-51-008-004-00 | Chippewa-Luce-Mackinaw Community Action Agency 524 Ashmun Street | 25,000 | Mixed |
| D-23 | 17-51-008-005-00 | Chippewa-Luce-Mackinaw Community Action Agency 524 Ashmun Street | Exempt | Public Service |
| D-24 | 17-51-008-006-00 | Chippewa-Luce-Mackinaw Community Action Agency 524 Ashmun Street | Exempt | Public Service |
| D-25 | 17-51-008-007-00 | DePaul Realty Company 534 Ashmun Street | 80,000 | Commercial |</p>
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<td>Darryl and Lorraine Dalimonte</td>
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<td>F-6</td>
<td>Stephen H. and Karen Madigan 3326 Lakeshore drive</td>
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<td>Peppler, Peppler and Peppler 533 Court Street</td>
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<td>Peter J. Arndt PO Box 787</td>
<td>13,400</td>
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<td>F-11</td>
<td>Richard T. and Elizabeth Askwith 3108 Lakeshore Drive</td>
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<td>Blarney Castle Oil Company Box 246 Bear Lake, Mi 49614</td>
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<td>Terry and Harriet Moran 812 Seymour</td>
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       607 Sheridan Drive  55,620  Commercial

Commercial Facilities Roll:

CFT 83-02  Wallis & Newcomb  
           418 Ashmun Street  92,000

CFT 84-01  Watson, William & Verna  
           Main Street  
           Pickford, MI  91,000

CFT 84-04  Med. L. Smith  
           1907 Ashmun Street  10,500

CFT 85-01  Patrick Dougherty  
           322 Court Street  36,080

TOTAL ........................................................................................................ $3,853,280

ADDITIONAL PROPERTIES INCLUDED IN AMENDMENT

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<th>SECTION</th>
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<th>TAXABLE VALUE</th>
<th>LAND USE</th>
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| I-1     | 17-51-218-040-00 | Heritage Enterprises  
           208 Peck Street | 25,915        | Residential |
| I-2     | 17-51-218-028-00 | Heritage Enterprises  
           601 Osborn Blvd. | 269,728       | Commercial |
| I-3     | 17-51-036-002-00 | War Memorial Hospital  
           550 Osborn Blvd. | Exempt        | Hospital |
| I-4     | 17-51-142-117-00 | First Church of Christ  
           308 West Spruce Street | Exempt        | Church |
| I-5     | 17-51-142-068-00 | Theodore E. Maleport  
           Revocable Living Trust  
           314 Osborn Blvd. | 145,562       | Commercial |

ADDITIONAL ........................................................................................................ $441,205

25
AREA ONE
TAX INCREMENT FINANCING PLAN
City of Sault Ste. Marie
This plan explains the financing procedures that will be used to pay for the projects presented in the development plan for Development Area One. Necessary supporting information is also supplied to the extent possible at this time.

A. Tax Increment Procedure

Tax increment financing is a means by which a city can redistribute tax revenues to an area of special need, for the purpose of revitalizing it. This is the procedure: A specific area within the Downtown Development Authority boundaries is selected for development. A development plan is written which outlines the projects that the Downtown Development Authority believes should be constructed. When a tax increment financing plan is used to raise money for the projects, the Authority measures the total assessed value of all the real and personal property within the development area boundaries. This total is the initial assessed value of the development area. Each year thereafter, the assessed value of the development area is retotaled. If the new total is larger than the initial assessed value (first year of plan), the difference between the two is called the captured assessed value of the downtown area. The captured assessed value is very important, because when it is multiplied by the local tax rate, the resulting tax revenues are transmitted to the Downtown Development Authority for its development plan. These tax revenues are called the tax increment for that year.

An example will help clarify the process. If 1986 is the year in which a tax increment plan is established, and the total assessed value of all properties in the development area is $1,000,000 then the initial assessed value of the area is $1,000,000. Let us assume that in 1987 the owners of the properties construct several improvements which brings the total assessed value of the area to $1,500,000. In this year, then, the captured assessed value is ($1,500,000 - $1,000,000) = $500,000. Now if we assume that the local tax rate is 50 mills, then the tax increment revenue for that year will be ($500,000 x .05) = $25,000. This $25,000 is transmitted to the Downtown Development Authority, which then uses it for the public projects it has outlined in its development plan. If more improvements were made in 1988, bringing the total assessed value, say, to $1,750,000, then the captured assessed value in that year is ($1,750,000 - $1,000,000) = $750,000. If the millage remains at 50 mills, then the tax increment revenue for 1988 would be ($750,000 x .05) = $37,500. As one can see, tax increment revenues are dependent upon growth in the development area. Growth must come first, but once it has occurred, the property owners will be rewarded by seeing their tax dollars go to improving their surroundings, helping them to continue to grow.

It is important to note that the procedure does not increase taxes in any way. Also, no taxing body ever loses tax revenue. It simply does not get the increase in tax revenue that the improvements generated. During the original 20 years of this plan, there were four taxing jurisdictions that are affected by this procedure - the City, the schools, the Intermediate School District, and the county. Since the development area is itself within the City, the City is merely seeing its tax revenues more sharply focused on an important district. The schools are largely unaffected by the plan, because in the early years, the
state’s formula for financial aid to school districts assured that the schools would receive a minimum amount of funds per student per mill levied. The tax increment plan does not change the number of students nor the school millage, so the state compensated the school system for the tax revenues it did not receive. The county is not compensated in any way, so its tax revenues from the development area will remain constant for the duration of the plan. For the additional 20 year extension of this Tax Increment Plan, only the City and the County tax increments are affected. The taxes foregone during this 20 year extension period are shown on Table 4. If the development plan accomplishes its goals of stabilizing property values and attracting new development, then all taxing jurisdictions will see a significant increase in revenues when the plan expires.

Once tax increments have been collected, they can only be spent according to the guidelines in the development plan, in the development area. When the plan expires, its abolished, or its objectives are met, tax patterns return to normal.

For a complete and legal description of the tax increment procedure, see PUBLIC ACT 197 of the MICHIGAN COMPILED LAWS OF 1975, as amended, sections 14 through 16. For the reasoning behind the tax increment plan itself, see the introduction to the accompanying development plan.

B. Bonding and Other Financing Methods
It is the intent of this plan to finance and undertake projects both through long term bonding and/or loan agreements with the City or other financing as provided for in law as well as on a year-to-year basis according to actual annual tax increment revenues received. Any tax increment funds not expended at the end of a given year will be carried over to the next year of the plan and applied to subsequent project expenses.

Some projects may be partially funded from City funds, such as the parking fund or the general fund or from grant funds. However, any project in the Plan may be financed completely by tax increment revenues if other funds are not available. Conversely, should local, state, federal or private sector monies become available for some portion of project financing at any time, such options will be explored. In the case of certain infrastructure loan programs available to the City or the DDA, tax increment funds may be obligated to retire such debt or pay off such loans either directly, or through the City. All other revenues will be generated by tax increment financing.

C. Revenues
Table 1 lists the tax increment projections for the duration of the plan. The Downtown Development Authority will retain all of the captured assessed value in the Development Area for the generation of tax increments. The projections are based upon an estimated tax rate of approximately 56 mills through the fiscal year ending 2007, and then 29 mills for the following 20 years. There may be considerable differences between the projections and actual receipts, since it is very difficult to predict tax rates and economic growth several years into the future. Consequently, the Development Plan allows for a wide variance in revenues during its operation. Tables 2 and 3 show the assessed values of all real and personal property in Development Area One that form the base year figures from which all projections follow.

D. Expenditures
All revenues received by the DDA that pertain to the Development Area One shall be spent
according to the provisions of the Tax Increment Financing and Development Plans for Development Area One. All revenues in excess the needs of the Development Plan shall revert proportionately to the original taxing bodies.

E. **Duration of Plan**
The Development Plan and Tax Increment Financing Plans for Development Area One shall expire after 40 years, or when all the original and amended projects have been completed, whichever comes first. The City Commission may also elect to abolish both plans at any time, should it determine that the plans goals have been achieved.

F. All provisions of this Tax Increment Financing Plan may be amended by the City Commission, save those required by law, upon notice and after public hearings and agreements as are required for approval of the original plan.
### TAX INCREMENT PROJECTIONS

**Development Area #1**

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<th>YEAR</th>
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<th>BASE VALUE</th>
<th>VALUE INCREMENT</th>
<th>TAX RATE</th>
<th>TAX RATE</th>
<th>TAX INCREMENT</th>
<th>PROTECTED OBLIGATIONS</th>
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**TOTAL 2007-2026** $5,195,927

*February 2004*
### Tax Increment Financing Plan

#### Table 2

**PARCEL DATA FOR DEVELOPMENT AREA 1**

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<td>Public Service</td>
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<tr>
<td></td>
<td></td>
<td>PO Box 17607</td>
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<td>A-2</td>
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<td>Public Parking</td>
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<td>Exempt</td>
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<td>A-4</td>
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<td>17-51-008-027-00</td>
<td>Gertrude Riordan</td>
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<td>DePaul Realty Company 534 Ashmun Street</td>
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| D-26 | 17-51-008-009-00 | Lillian Roe  
538 Ashmun Street | 70,000 | Mixed |
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| D-27 | 17-51-008-010-00 | James and Eva Lambros  
1200 Ashmun Street | 20,000 | Public Service |
| D-28 | 17-51-008-011-00 | Bruce and Patricia Waggoner  
905 Ashmun Street | 25,000 | Commercial |
| D-29 | 17-51-008-011-50 | Frank and Dean Hribar  
548 Ashmun Street | 15,000 | Commercial |
| D-30 | 17-51-008-012-00 | Manufacturer's National Bank  
PO Box 659  
Trust Real Estate  
Detroit, MI 48231 | 6,000 | Private Open Space |
| D-31 | 17-51-008-013-00 | Gillhooley Pharmacy  
558 Ashmun Street | 25,000 | Commercial |
| D-32 | 17-51-008-014-50 | Gillhooley Pharmacy  
558 Ashmun Street | 3,730 | Commercial |
| D-33 | 17-51-008-014-00 | Darryl and Lorraine Dalimonte  
564 Ashmun Street | 15,000 | Commercial |
| D-34 | 17-51-151-479-00 | City | Exempt | Public Open Space |
| E-1  | 17-51-291-001-00 | Sault Savings Bank  
511 Ashmun Street | 636,950 | Commercial |
| E-2  | 17-51-291-024-00 | Dean and Leslie Hribar  
4041 E. Four Mile Rod | 35,000 | Commercial |
| E-3  | 17-51-291-026-00 | City | Exempt | Parking |
| E-4  | 17-51-291-005-00 | City | Exempt | Public Parking |
| E-4  | 17-51-291-022-00 | Columbus Club, Inc.  
PO Box 73  
Dafter, Michigan 49724 | 100,000 | Commercial |
| E-5  | 17-51-291-006-00 | Columbus Club, Inc.  
PO Box 73  
Dafter, Michigan 49724 | 6,210 | Public Parking |
| E-6  | 17-51-291-008-00 | F.W. Woolworth Company  
Box 1665  
Milwaukee, WI 53201 | 250,000 | Commercial |
| E-7  | 17-51-291-010-00 | Vanderhook Company  
PO Box 901 | 30,000 | Mixed |
| E-8  | 17-51-291-011-00 | William and Carolyn Ayers  
204 Ashmun Street | 40,000 | Mixed |
| F-1   | 17-51-292-028-00 | Detroit and Northern Savings  
                      | 400 Quincy Street  
                      | Hancock, MI 49930 | 65,600 | Commercial |
|-------|------------------|-------------------------------|
| F-2   | 17-51-292-028-50 | Robert L. Fowler  
                      | PO Box 935 | 22,650 | Mixed |
| F-3   | 17-51-292-027-00 | Detroit and Northern Savings  
                      | 400 Quincy Street  
                      | Hancock, MI 49930 | 8,320 | Commercial |
| F-4   | 17-51-292-026-00 | St. George Orthodox Hellenic  
                      | Church - 513 Court Street | Exempt | Religious |
| F-5   | 17-51-292-025-00 | St. George Orthodox Hellenic  
                      | Church - 513 Court Street | Exempt | Public Parking |
| F-6   | 17-51-292-024-00 | Anthony and Carol S. Andary  
                      | PO Box 915 | 15,660 | Office |
| F-6   | 17-51-292-024-50 | Stephen H. and Karen Madigan  
                      | 3326 Lakeshore drive | 15,660 | Office |
| F-7   | 17-51-292-023-00 | H. Madigan and P. Housey  
                      | PO Box 631  
                      | Matlacha, FL 33909 | 6,210 | Public Parking |
| F-8   | 17-51-292-022-00 | First Church of Christ Scientist  
                      | 300 West Spruce Street | Exempt | Religious |
| F-9   | 17-51-292-021-00 | Peppler, Peppler and Peppler  
                      | 533 Court Street | 14,900 | Office |
| F-10  | 17-51-292-020-00 | Peter J. Arndt  
                      | PO Box 787 | 13,400 | Office |
| F-11  | 17-51-292-019-00 | Richard T. and Elizabeth Askwith  
                      | 3108 Lakeshore Drive | 18,150 | Office |
| F-12  | 17-51-292-001-00 | Blamey Castle Oil Company  
                      | Box 246  
                      | Bear Lake, MI 49614 | 33,400 | Commercial |
| F-13  | 17-51-292-003-00 | John Paul and Mary J. White  
                      | 510 Bingham Avenue | 14,450 | Multi-Family Residence |
| F-14  | 17-51-292-004-00 | Zandra, Beadle, Moher  
                      | 512 Bingham Avenue | 18,500 | Multi-Family Residence |
| F-15  | 17-51-292-005-00 | Terry and Harriet Moran  
                      | 812 Seymour | 11,950 | Multi-Family Residence |
| F-16  | 17-51-292-006-00 | City | Exempt | Public Parking |
| F-17  | 17-51-292-007-00 | Ingleson, Vinocur and Connolly  
<pre><code>                  | PO Box 858 | 15,600 | Office |
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<td>17-51-292-008-00</td>
<td>Soo Co-op Credit Union</td>
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<td>F-19</td>
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<td>Soo Co-op Credit Union</td>
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<td>F-21</td>
<td>17-51-294-001-00</td>
<td>Central Savings Bank</td>
<td>511 Bingham Avenue</td>
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<td>G-1</td>
<td>17-51-291-015-50</td>
<td>James and Eva Lambros</td>
<td>1200 Ashmun Street</td>
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<td>G-2</td>
<td>17-51-291-013-00</td>
<td>Everett Vailin</td>
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<td>Birmingham, MI 48010</td>
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<td>G-3</td>
<td>17-51-291-015-00</td>
<td>Robert H. and Walter Wylie</td>
<td>557 Ashmun Street</td>
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<td>G-4</td>
<td>17-51-291-014-00</td>
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<tr>
<td>G-5</td>
<td>17-51-415-001-20</td>
<td>Archie and Catherine Spring</td>
<td>Robert Neal</td>
<td>10,000</td>
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<td></td>
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<td>1114 Washington Way</td>
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<td>17-51-415-001-40</td>
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<td>House of Bargains, Inc.</td>
<td>567 Ashmun Street</td>
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<td>17-51-292-016-00</td>
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<td>H-2</td>
<td>17-51-292-014-00</td>
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<td>607 Sheridan Drive</td>
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<td>17-51-415-010-00</td>
<td>Bayliss Public Library</td>
<td>541 Court Street</td>
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<td>H-4</td>
<td>17-51-415-010-50</td>
<td>Robert J. Hovie</td>
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<td>Bayliss Public Library</td>
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36
H-7 17-51-415-008-00 Robert J. Hovie 607 Sheridan Drive 55,620 Commercial

Commercial Facilities Roll:

CFT 83-02 Wallis & Newcomb 418 Ashmun Street 92,000
CFT 84-01 Watson, William & Verna Main Street Pickford, MI 91,000
CFT 84-04 Med. L. Smith 1907 Ashmun Street 10,500
CFT 85-01 Patrick Dougherty 322 Court Street 36,080

TOTAL$3,853,280

ADDITIONAL PROPERTIES INCLUDED IN AMENDMENT

<table>
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<tr>
<th>SECTION</th>
<th>TAX PARCEL</th>
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<td>I-1</td>
<td>17-51-218-040-00</td>
<td>Heritage Enterprises 208 Peck Street</td>
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<td>17-51-036-002-00</td>
<td>War Memorial Hospital 550 Osborn Blvd.</td>
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<td>I-4</td>
<td>17-51-142-117-00</td>
<td>First Church of Christ 308 West Spruce Street</td>
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<td>Church</td>
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<td>I-5</td>
<td>17-51-142-068-00</td>
<td>Theodore E. Maleport Revocable Living Trust 314 Osborn Blvd.</td>
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ADDITIONAL$441,205
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<td>17-51-925-235-00</td>
<td>Back Door, Inc. 313 Ashmun Street</td>
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<td>B-5</td>
<td>17-51-925-032-00</td>
<td>Barish Brothers Company 321 Ashmun Street</td>
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<td>17-51-925-296-00</td>
<td>Hallar's House of Hallmark 327 Ashmun Street</td>
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<td>B-7</td>
<td>17-51-925-209-00</td>
<td>Northland Office Supply 329 Ashmun Street</td>
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<td>B-9</td>
<td>17-51-925-410-00</td>
<td>National Office Products and Printing Company 405 Ashmun Street</td>
<td>3,100</td>
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<td>B-9</td>
<td>17-51-925-178-00</td>
<td>The Man Store, Inc. 407 Ashmun Street</td>
<td>1,150</td>
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<td>B-10</td>
<td>17-51-925-529-00</td>
<td>Old McDonald's Furniture Barn 409 Ashmun Street</td>
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<td>B-10</td>
<td>17-51-925-220-00</td>
<td>Dr. James Pierce 409 Ashmun Street</td>
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<td>17-51-925-537-00</td>
<td>F.W. Myers &amp; Company 409 Ashmun Street</td>
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<td>B-11</td>
<td>17-51-925-440-00</td>
<td>Austin's Pipe Store 413 Ashmun Street</td>
<td>1,550</td>
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<td>B-12</td>
<td>17-51-925-177-00</td>
<td>Malitas &amp; Arfstrom Drug Store 415 Ashmun Street</td>
<td>11,950</td>
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<td>B-15</td>
<td>17-51-925-227-00</td>
<td>Polyclinic Partnership 300 Court Street</td>
<td>30,000</td>
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<td>17-51-925-245-00</td>
<td>Quick Print 322 Court Street</td>
<td>6,050</td>
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<td>C-2</td>
<td>17-51-925-172-00</td>
<td>MacInnis Garden Center 143 Arlington Street</td>
<td>800</td>
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<tr>
<td>C-8</td>
<td>17-51-925-313-00</td>
<td>Weir Moving &amp; Storage, Inc. 605 Ridge Street</td>
<td>6,450</td>
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<td>C-9</td>
<td>17-51-925-501-00</td>
<td>Tee 'n Things 126 W. Sprue Street, Suite 3</td>
<td>1,600</td>
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C-9  17-51-925-493-00  Professional Business Services  
     125 Arlington Street  2,550
C-9  17-51-925-492-00  Creative Computer Systems, Inc.  
     126 W. Sprue Street  150
C-9  17-51-925-244-00  Don's Home Appliance  
     124 W. Spruce Street  2,600
C-9  17-51-925-058-00  Chippewa Abstract and Title Co.  
     125 Arlington Street  8,800
C-9  17-51-925-478-00  Northwoods Land Surveying, Inc.  
     125 Arlington Street  10,650
C-9  17-51-925-534-00  Guy W. Lewinski, PC  
     125 Arlington Plaza Suite 5  5,000
C-12 17-51-925-037-00  Cardinal's Ship Belvider, Inc.  
     PO Box 747  15,000
C-13 17-51-925-101-00  Evening News  
     109 Arlington Street  83,200
C-15 17-51-925-189-00  Merchant's Cocktail Bar  
     108 W. Sprue Street  1,750
C-17 17-51-925-002-00  Adams Insurance Agency  
     105 Arlington Street  3,850
C-17 17-51-925-143-00  Jean's Jewelry Store  
     400 Ashmun Street  600
C-19 17-51-925-254-00  St. Mary's Institute, Inc.  
     406 Ashmun Street  1,600
C-19 17-51-925-161-00  John Lambros, P.C.  
     406 Ashmun Street  4,900
C-20 17-51-925-545-00  Bulson & Brewster, P.C.  
     408 Ashmun Street, Suite 101  5,000
C-20 17-51-925-535-00  Farrell E. Elliott, P.C.  
     408 Ashmun Street  5,000
C-20 17-51-925-315-00  J. David Whyte, P.C.  
     408 Ashmun Street  900
C-21 17-51-925-335-00  Louis T. Kurtis, DDS  
     416 Ashmun Street  3,650
C-21 17-51-925-241-00  Thomas G. Robinson, Orthodontist  
     416 Ashmun Street  8,000
C-21 17-51-925-181-00  Masonic Temple Assn.  
     414-418 Ashmun Street  450
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<td>C-21</td>
<td>17-51-925-045-00</td>
<td>Bourque Dental Lab</td>
<td>416 Ashmun Street</td>
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<td>D-1</td>
<td>17-51-925-556-00</td>
<td>Wright and Filippis, Inc.</td>
<td>127 ½ W. Spruce Street</td>
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<td>17-51-925-468-00</td>
<td>Penny's Kitchen</td>
<td>506 Ashmun Street</td>
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<td>D-19</td>
<td>17-51-925-509-00</td>
<td>Soo Bible Book &amp; Music</td>
<td>506 Ashmun Street</td>
<td>2,100</td>
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<td>D-19</td>
<td>17-51-925-461-00</td>
<td>Fashion Crossroads</td>
<td>506 Ashmun Street</td>
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<td>D-19</td>
<td>17-51-925-458-00</td>
<td>Copper Kettle</td>
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<td>17-51-925-144-00</td>
<td>Jean n' Top Shoppe</td>
<td>512 Ashmun Street</td>
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<td>17-51-925-098-00</td>
<td>Erard's Jewelry, Inc.</td>
<td>530 Ashmun Street</td>
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<td>D-25</td>
<td>17-51-925-491-00</td>
<td>Cake and Wedding Center</td>
<td>532 Ashmun Street</td>
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<td>17-51-925-008-00</td>
<td>American Café</td>
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<td>17-51-925-085-00</td>
<td>DePaul Realty Co</td>
<td>c/o Joseph and Charles DePaul</td>
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<td>D-26</td>
<td>17-51-925-173-00</td>
<td>Mackie, AE &amp; Son</td>
<td>536 Ashmun Street</td>
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<td>D-26</td>
<td>17-51-925-073-00</td>
<td>Co-ed Flowers and Gifts</td>
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<td>D-26</td>
<td>17-51-925-311-00</td>
<td>Peterson's Family Shoes</td>
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<td>D-29</td>
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<td>Sweet Soo Bakery</td>
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<td>D-31</td>
<td>17-51-925-344-00</td>
<td>Gillhooley Pharmacy</td>
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<tr>
<td>D-33</td>
<td>17-51-925-083-00</td>
<td>Del's Beauty Salon</td>
<td>564 Ashmun Street</td>
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<tr>
<td>D-33</td>
<td>17-51-925-544-00</td>
<td>Master Muffler &amp; Autobody</td>
<td>564 Ashmun</td>
<td>4,000</td>
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<td>E-1</td>
<td>17-51-925-336-00</td>
<td>Sault Vision Clinic</td>
<td>511 Ashmun Street, Suite 201</td>
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E-2 17-51-925-560-00 US Male
519 Ashmun Street
10,000

E-2 17-51-925-280-00 Soo Music Center
519 Ashmun Street
1,000

E-4 17-51-925-218-00 JC Penney Company
Tax Dept.
PO Box 2429
Pittsburgh, PA 15230
69,000

E-6 17-51-925-322-00 F.W. Woolworth Company
Store 741
PO Box 1665
Milwaukee, WI 53201
57,100

E-7 17-51-925-479-00 Maurice's Inc.
Store 381
105 W. Superior Street
Duluth, MN 55802
9,550

E-8 17-51-925-512-00 Casual Lifestyle
545 Ashmun Street
600

E-8 17-51-925-117-00 Glamour Hair Designs
545 Ashmun Street
6,000

E-8 17-51-925-464-00 Steppin'Out
545 Ashmun Street
450

E-8 17-51-925-082-00 William Ayers & Associates
545 Ashmun Street
1,500

E-8 17-51-925-327-00 Michigan Claims Service, Inc.
111 Dawson
2,000

E-8 17-51-925-563-00 KIS Photo
545 Ashmun Street
6,000

F-2 17-51-925-495-00 Side Street Designs
206 E. Spruce Street
2,500

F-2 17-51-925-183-00 The Matthews Company
204 E. Spruce Street
400

F-2 17-51-925-109-00 Robert L. Fowler Agency
204 E. Spruce Street
800

F-6 17-51-925-016-00 Andary and Andary PC
519 Court Street
12,850

F-6 17-51-925-175-00 Madigan Insurance Agency, Inc.
519 Court Street
9,350

F-9 17-51-925-421-00 Peppler, Peppler and Peppler
533 Court Street
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<th>TAXPARCEL</th>
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<td>F-11</td>
<td>17-51-925-103-00</td>
<td>Fenlon, Askwith and Askwith 537 Court Street</td>
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<td>F-12</td>
<td>17-51-925-003-00</td>
<td>Blarney Castle Oil Company Box 246 Bear Lake, MI 49614</td>
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<td>17-51-925-323-00</td>
<td>Wylie Loans 557 Ashmun Street</td>
<td>550</td>
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<td>G-2</td>
<td>17-51-925-426-00</td>
<td>Spring Insurance Agency 559 Ashmun Street</td>
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<td>H-6</td>
<td>17-51-925-134-00</td>
<td>Hovie-Lucius Funeral Home, Inc. 558 Bingham Avenue</td>
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**Total ..................................................................................................................................................** $608,450

**ADDITIONAL PROPERTIES INCLUDED IN AMENDMENT**

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<td>I-2</td>
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<td>17-51-925-156-00</td>
<td>Sault Community Pharmacy</td>
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<td>17-51-925-252-00</td>
<td>Theodore E. Maleport Revocable Living Trust 314 Osborn Blvd.</td>
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**ADDITIONAL .............................................................................................................................................$61,700**
### Table 4
PROJECTED IMPACT OF TAX INCREMENTS
UPON TAXING JURISDICTIONS

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<th>Base Year Assessed</th>
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<th>1. ISD Impact</th>
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**Total Impacts for 20 year extension**

$5,195,927 | $1,522,944 | $3,672,983

**NOTE:** (1.) School and ISD are not impacted on the 20 year extension of the TIFA amendment.
DOWNTOWN DEVELOPMENT AUTHORITY
Act 197 of 1975

AN ACT to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials.


Popular name: Downtown Development Authority Act
Popular name: DDA

The People of the State of Michigan enact:

125.1651 Definitions.
Sec. 1. 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) “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 211.157.
(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.
(c) “Authority” means a downtown development authority created pursuant to this act.
(d) “Board” means the governing body of an authority.
(e) “Business district” means an area in the downtown of a municipality zoned and used principally for business.
(f) “Captured assessed value” means the amount in any 1 year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in subdivision (x), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.
(g) “Chief executive officer” means the mayor or city manager of a city, the president or village manager of a village, or the supervisor of a township or, if designated by the township board for purposes of this act, the township superintendent or township manager of a township.
(h) “Development area” means that area to which a development plan is applicable.
(i) “Development plan” means that information and those requirements for a development set forth in section 17.
(j) “Development program” means the implementation of the development plan.
(k) “Downtown district” means an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to this act.
(m) “Eligible obligation” means an obligation issued or incurred by an authority or by a municipality on 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 19, 1993 and before December 31, 1996 by another entity on behalf of the authority.
(n) “Fiscal year” means the fiscal year of the authority.
(o) “Governing body of a municipality” means the elected body of a municipality having legislative powers.
(p) “Initial assessed value” means the assessed value, as equalized, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality 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. For the purpose of determining initial assessed value, property
for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt
from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax
shall be determined as provided in subdivision (x). In the case of a municipality having a population of less than
35,000 which established an authority prior to 1985, created a district or districts, and approved a development plan
or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or
amendments to a plan, and which plan expired by its terms December 31, 1991, the initial assessed value for the
purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the
plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance
zone has subsequently been designated pursuant to the Michigan renaissance zone act, 1996 PA 376, MCL
125.2681 to 125.2696, the initial assessed value of the development area otherwise determined under this
subdivision shall be reduced by the amount by which the current assessed value of the development area was
reduced in 1997 due to the exemption of property under section 7ff of the general property tax act, 1893 PA 206,
MCL 211.7ff, but in no case shall the initial assessed value be less than zero.

(q) "Municipality" means a city, village, or township.

(r) "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.

(s) "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 the 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.

(t) "Operations" means office maintenance, including salaries and expenses of employees, office supplies,
consultation fees, design costs, and other expenses incurred in the daily management of the authority and planning
of its activities.

(u) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii), (iii), or (iv), 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 December 31, 1993, for which a contract for final design is
entered into by or on behalf of the municipality or authority before March 1, 1994 or for which a written agreement
with a developer, titled preferred development agreement, was entered into by or on behalf of the municipality or
authority in July 1993.

(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 obligation incurred by the authority evidenced by or to finance a contract to purchase real property within a development area or a contract to develop that property within the development area, or both, if all of the following requirements are met:

(A) The authority purchased the real property in 1993.
(B) Before June 30, 1995, the authority enters a contract for the development of the real property located within the development area.
(C) In 1993, the authority or municipality on behalf of the authority received approval for a grant from both of the following:
   (I) The department of natural resources for site reclamation of the real property.
   (II) The department of consumer and industry services for development of the real property.

(v) An ongoing management or professional services contract with the governing body of a county which was entered into before March 1, 1994 and which 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.

(vi) A loan from a municipality to an authority if the loan was approved by the legislative body of the municipality on April 18, 1994.

(vii) Funds expended to match a grant received by a municipality on behalf of an authority for sidewalk improvements from the Michigan department of transportation if the legislative body of the municipality approved the grant application on April 5, 1993 and the grant was received by the municipality in June 1993.

(viii) For taxes captured in 1994, an obligation described in this subparagraph issued or incurred to finance a project. An obligation is considered issued or incurred to finance a project described in this subparagraph only if all of the following are met:

(A) The obligation requires raising capital for the project or paying for the project, whether or not a borrowing is involved.
(B) The obligation was part of a development plan and the tax increment financing plan was approved by a municipality on May 6, 1991.
(C) The obligation is in the form of a written memorandum of understanding between a municipality and a public utility dated October 27, 1994.
(D) The authority or municipality captured school taxes during 1994.

(v) “Public facility” means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency. Public facility includes 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-DeRoosevelt-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

(w) “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 (z)(ii) and the distributions under section 13b 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 (z)(ii) and the distributions under section 13b to repay the obligation being refunded, as calculated using a method approved by the department of treasury.

(x) “Specific local tax” means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax shall be 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.

(y) “State fiscal year” means the annual period commencing October 1 of each year.
DOWNTOWN DEVELOPMENT AUTHORITY

(z) "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 real and personal property in the development area, 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), to repay eligible advances, eligible obligations, and other protected obligations.

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

(A) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of value of property that may be excluded from captured assessed value or specific local taxes attributable to such ad valorem property taxes.

(B) 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 or specific local taxes attributable to such ad valorem property taxes.

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

(iv) The amount of tax increment revenues authorized to be included under subparagraph (ii), and required to be transmitted to the authority under section 14(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, 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 which 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).


Compiler's note: Enacting section 1 of Act 202 of 1997 provides:
"The provisions of section 1 and section 13b, as amended by this amendatory act, are retroactive and effective for taxes levied after 1993."

Popular name: Downtown Development Authority Act

Popular name: DDA

125.1651a Legislative findings.

Sec. 1a. The legislature finds all of the following:

(a) That there exists in this state conditions of property value deterioration detrimental to the state economy and the economic growth of the state and its local units of government.

(b) That government programs are desirable and necessary to eliminate the causes of property value deterioration thereby 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 in the state, including tax increment financing.

(d) That tax increment financing is a government financing program that contributes to economic growth and development by dedicating a portion of the increase in the tax base resulting from economic growth and development to facilities, structures, or improvements within a development area thereby facilitating economic growth and development.

(e) That it is necessary for the legislature to exercise its power to legislate tax increment financing as authorized in this act and in the exercise of this power to mandate the transfer of tax increment revenues by city, village,
DOWNTOWN DEVELOPMENT AUTHORITY

township, school district, and county treasurers to authorities created under this act in order to effectuate the
legislative government programs to eliminate property value deterioration and to promote economic growth.

(f) That halting property value deterioration and promoting economic growth in the state are essential
governmental functions and constitute essential public purposes.

(g) That economic development strengthens the tax base upon which local units of government rely and that
government programs to eliminate property value deterioration benefit local units of government and are for the use
of the local units of government.

(h) That the provisions of this act are enacted to provide a means for local units of government to eliminate
property value deterioration and to promote economic growth in the communities served by those local units of
government.


Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for
taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were
received by an authority are validated."

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1652 Authority; establishment; restriction; public body corporate; powers generally.

Sec. 2. (1) Except as otherwise provided in this subsection, a municipality may establish 1 authority. If, before
November 1, 1985, a municipality establishes more than 1 authority, those authorities may continue to exist as
separate authorities. Under the conditions described in section 3a, a municipality may have more than 1 authority
within that municipality's boundaries. A parcel of property shall not be included in more than 1 authority created by
this act.

(2) An authority shall be a public body corporate which may sue and be sued in any court of this state. An
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 an authority.


Popular name: Downtown Development Authority Act
Popular name: DDA

125.1653 Resolution of intent to create and provide for operation of authority; public hearing on
proposed ordinance creating authority and designating boundaries of downtown district;
notice; exemption of taxes from capture; adoption, filing, and publication of ordinance; altering
or amending boundaries.

Sec. 3. (1) When the governing body of a municipality determines that it is necessary for the best interests of the
public to halt property value deterioration and increase property tax valuation where possible in its business district,
to eliminate the causes of that deterioration, and to promote economic growth, the governing body may, by
resolution, declare its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body shall set a date for the holding of a public hearing on the
adoption of a proposed ordinance creating the authority and designating the boundaries of the downtown district.
Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not
less than 20 or more than 40 days before the date of the hearing. 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 the proposed 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. Failure of a property taxpayer to receive the notice shall not invalidate these
proceedings. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed
downtown district not less than 20 days before the hearing. The notice shall state the date, time, and place of the
hearing, and shall describe the boundaries of the proposed downtown district. A citizen, taxpayer, or property owner
of the municipality 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 the proposed downtown
district. The governing body of the municipality shall not incorporate land into the downtown district not included
in the description contained in the notice of public hearing, but it may eliminate described lands from the downtown
district in the final determination of the boundaries.

(3) Not more than 60 days after a public hearing held after February 15, 1994, the governing body of a taxing
jurisdiction levying ad valorem property taxes that would otherwise be subject to capture may exempt its taxes from

DOWNTOWN DEVELOPMENT AUTHORITY

capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. 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) Not less than 60 days after the public hearing, if the governing body of the municipality intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, an ordinance establishing the authority and designating the boundaries of the downtown district within which the authority shall exercise its powers. The adoption of the ordinance is subject to any applicable statutory or charter provisions in respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of an ordinance over his veto. This ordinance 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 of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district pursuant to the same requirements for adopting the ordinance creating the authority.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1653a Authority of annexing or consolidated municipality; obligations, agreements, and bonds.

Sec. 3a. If a downtown district is part of an area annexed to or consolidated with another municipality, the authority managing that district shall become an authority of the annexing or consolidated municipality. Obligations of that authority incurred under a development or tax increment plan, agreements related to a development or tax increment plan, and bonds issued under this act shall remain in effect following the annexation or consolidation.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1653b Ratification and validation of ordinance and actions; applicability of section.

Sec. 3b. (1) An ordinance enacted by a municipality that has a population of less than 50,000 establishing an authority, creating a district, or approving a development plan or tax increment financing plan, or an amendment to an authority, district, or plan, and all actions taken under that ordinance, including the issuance of bonds, are ratified and validated notwithstanding that notice for the public hearing on the establishment of the authority, creation of the district, or approval of the development plan or tax increment financing plan, or on the amendment, was not published, posted, or mailed at least 20 days before the hearing, if the notice was published or posted at least 15 days before the hearing or the authority was established in 1984 by a village that filed the ordinance with the secretary of state not later than March, 1986. This section applies only to an ordinance adopted by a municipality before February 1, 1991, and shall include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that have been issued or that are to be issued by the authority, the incorporating municipality, or a county on behalf of the incorporating municipality. An authority for which an ordinance or amendment to the ordinance establishing the authority has been published before February 1, 1991 is considered for purposes of section 3(4) to have promptly filed the ordinance or amendment to the ordinance with the secretary of state if the ordinance or amendment to the ordinance is filed with the secretary of state before October 1, 1991. As used in this section, "notice was published" means publication of the notice occurred at least once.

(2) A development plan and tax increment financing plan approved by a resolution adopted by the village council of a village having a population of less than 3,000 before June 15, 1988 rather than by adoption of an ordinance is ratified and validated, if an amendment to the plans was adopted by the village council in compliance with sections 18 and 19.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1653c Proceedings or findings; validity.

Sec. 3c. The validity of the proceedings or findings establishing an authority, or of the procedure, adequacy of notice, or findings with respect to the approval of a development plan or tax increment financing plan is conclusive with respect to the capture of tax increment revenues for an other protected obligation that is a bond issued after
125.1653d Establishment or amendment of authority, district, or plan; notice; publication or posting.

Sec. 3d. An ordinance enacted by a municipality that has a population of greater than 1,000 and less than 2,000 establishing an authority, creating a district, or approving a development plan or tax increment financing plan, or an amendment to an authority, district, or plan, and all actions taken or to be taken under that ordinance, including the issuance of bonds, are ratified and validated notwithstanding that notice for the public hearing on the establishment of the authority, creation of the district, or approval of the development plan or tax increment financing plan, or on the amendment, was not published, posted, or mailed at least 20 days before the hearing, provided that the notice was either published or posted at least 10 days before the hearing or that the authority was established in 1990 by a municipality that filed the ordinance with the secretary of state not later than July 1991. This section applies only to an ordinance or an amendment adopted by a municipality before January 1, 1999 and shall include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that have been issued or that are to be issued by the authority or the incorporating municipality. An authority for which an ordinance or amendment to the ordinance establishing the authority has been published before February 1, 1991 is considered for purposes of section 3(3) to have promptly filed the ordinance or amendment to the ordinance with the secretary of state if the ordinance or amendment to the ordinance is filed with the secretary of state before December 31, 2002. The validity of the proceedings or findings establishing an authority described in this section, or of the procedure, adequacy of notice, or findings with respect to the approval of a development plan or tax increment financing plan for an authority described in this section is conclusive with respect to the capture of tax increment revenues for a bond issued after June 1, 2002 and before June 1, 2006. As used in this section, "notice was either published or posted" means either publication or posting of the notice occurred at least once.

125.1654 Board; appointment, terms, and qualifications of members; vacancy; compensation and expenses; election of chairperson; oath; conducting business at public meeting; public notice; special meetings; removal of members; review; expense items and financial records; availability of writings to public; single board governing all authorities; member as resident or having interest in property; planning commission serving as board in certain municipalities.

Sec. 4. (1) Except as provided in subsections (7) and (8), an authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and not less than 8 or more than 12 members as determined by the governing body of the municipality. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. Not less than a majority of the members shall be persons having an interest in property located in the downtown district. Not less than 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, an equal number of the members, as near as is practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the board shall be elected by the board.

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

(3) The business which the board may perform shall be conducted at a public meeting of the board held in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The board shall adopt rules consistent with Act No. 267 of the Public Acts of 1976 governing its procedure and the holding of regular meetings, subject to the approval of the governing body. Special meetings may be held if called in the manner provided in the rules of the board.
(4) Pursuant to notice and after having been given an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

(5) All expense items of the authority shall be publicized monthly and the financial records shall always be open to the public.

(6) In addition to the items and records prescribed in subsection (5), a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(7) By resolution of its governing body, a municipality having more than 1 authority may establish a single board to govern all authorities in the municipality. The governing body may designate the board of an existing authority as the board for all authorities or may establish by resolution a new board in the same manner as provided in subsection (1). A member of a board governing more than 1 authority may be a resident of or have an interest in property in any of the downtown districts controlled by the board in order to meet the requirements of this section.

(8) By ordinance, the governing body of a municipality that has a population of less than 5,000 may have the municipality's planning commission created pursuant to Act No. 285 of the Public Acts of 1931, being sections 125.31 to 125.45 of the Michigan Compiled Laws, serve as the board provided for in subsection (1).


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1655 Director, acting director, treasurer, secretary, legal counsel, and other personnel.

Sec. 5. (1) The board may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. 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 his office, the director shall take and subscribe to the constitutional oath, and furnish bond, by posting a bond in the penal sum determined in the ordinance establishing the authority payable to the authority for use and benefit of the authority, approved by the board, and filed with the municipal clerk. The premium on the bond shall be deemed 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 of the municipality 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 his office, the acting director shall take and subscribe to the oath, 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 employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated to him by the board and shall furnish bond in an amount as prescribed by the board.

(3) The board may 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 such other duties 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 shall represent the authority in actions brought by or against the authority.

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


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1656 Participation of employees in municipal retirement and insurance programs.

Sec. 6. The employees of an authority shall be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees except that the employees of an authority are
not civil service employees.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1657 Powers of board.

Sec. 7. The board may:

(a) Prepare an analysis of economic changes taking place in the downtown district.

(b) Study and analyze the impact of metropolitan growth upon the downtown district.

(c) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility, an existing building, or a multiple-family dwelling unit which may be necessary or appropriate to the execution of a plan which, in the opinion of the board, aids in the economic growth of the downtown district.

(d) Plan, propose, and implement an improvement to a public facility within the development area 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.

(e) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.

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

(g) Make and enter into contracts necessary or incidental to the exercise of its powers and the performance of its duties.

(h) 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.

(i) Improve land and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate any building, including multiple-family dwellings, and any necessary or desirable appurtenances thereto, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.

(j) Fix, charge, and collect fees, rents, and charges for the use of any building or property under its control or any part thereof, or facility therein, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.

(k) Lease any building or property under its control, or any part thereof.

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

(m) Acquire and construct public facilities.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1658 Board serving as planning commission; agenda.

Sec. 8. If a board created under this act serves as the planning commission under section 2 of Act No. 285 of the Public Acts of 1931, being section 125.32 of the Michigan Compiled Laws, the board shall include planning commission business in its agenda.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1659 Authority as instrumentality of political subdivision.

Sec. 9. The authority shall be deemed 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.


Popular name: Downtown Development Authority Act
125.1660 Taking, transfer, and use of private property.
Sec. 10. A municipality may take private property under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use in an approved development, on terms and conditions it deems appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1661 Financing activities of authority; disposition of money received by authority; municipal obligations.
Sec. 11. (1) The activities of the authority shall be financed from 1 or more of the following sources:
(a) Donations to the authority for the performance of its functions.
(b) Proceeds of a tax imposed pursuant to section 12.
(c) Money borrowed and to be repaid as authorized by sections 13 and 13a.
(d) 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.
(e) Proceeds of a tax increment financing plan, established under sections 14 to 16.
(f) Proceeds from a special assessment district created as provided by law.
(g) Money obtained from other sources 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.
(h) Money obtained pursuant to section 13b.

(i) Revenue from the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11a of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611a of the Michigan Compiled Laws.


(2) Money received by the authority and not covered under subsection (1) shall immediately be deposited to the credit of the authority, subject to disbursement pursuant to this act. Except as provided in this act, the municipality shall not obligate itself, nor shall it ever be obligated to pay any sums from public funds, other than money received by the municipality pursuant to this section, for or on account of the activities of the authority.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1662 Ad valorem tax; borrowing in anticipation of collection.
Sec. 12. (1) An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes under the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation of collection of the ad valorem tax authorized in this section.


Popular name: Downtown Development Authority Act

Popular name: DDA
125.1663 Revenue bonds.

Sec. 13. The authority may borrow money and issue its negotiable revenue bonds therefor pursuant to Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not except as hereinafter provided be deemed a debt of the municipality or the state. The municipality by majority vote of the members of its governing body may pledge its full faith and credit to support the authority’s revenue bonds.

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1663a Borrowing money; issuing revenue bonds or notes; purpose; costs; security; pledge and lien of pledge valid and binding; filing or recordation not required; tax exemption; bonds or notes neither liability nor debt of municipality; statement; investment and deposit of bonds and notes.

Sec. 13a. (1) The authority may with approval of the local governing body borrow money and issue its revenue bonds or notes to finance all or part of the costs of acquiring or constructing property in connection with the implementation of a development plan in the downtown district or to refund or refund in advance bonds or notes issued pursuant to this section. The costs which may be financed by the issuance of revenue bonds or notes may include the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing property in connection with the implementation of a development plan in the downtown district; any engineering, architectural, legal, accounting, or financial expenses; the costs necessary or incidental to the borrowing of money; interest on the bonds or notes during the period of construction; a reserve for payment of principal and interest on the bonds or notes; and a reserve for operation and maintenance until sufficient revenues have developed. The authority may secure the bonds and notes by mortgage, assignment, or pledge of the property and any money, revenues, or income received in connection therewith.

(2) A pledge made by the authority shall be valid and binding from the time the pledge is made. The money or property pledged by the authority immediately shall be subject to the lien of the pledge without a physical delivery, filing, or further act. The lien of such a pledge shall be valid and binding as against parties having claims of any kind in tort, contract, or otherwise, against the authority, irrespective of whether the parties have notice of the lien. Neither the resolution, the trust agreement, nor any other instrument by which a pledge is created need be filed or recorded.

(3) Bonds or notes issued pursuant to this section shall be exempt from all taxation in this state except inheritance and transfer taxes, and the interest on the bonds or notes shall be exempt from all taxation in this state, notwithstanding that the interest may be subject to federal income tax.

(4) The municipality shall not be liable on bonds or notes of the authority issued pursuant to this section and the bonds or notes shall not be a debt of the municipality. The bonds or notes shall contain on their face a statement to that effect.

(5) The bonds and notes of the authority may be invested in by all public officers, state agencies and political subdivisions, insurance companies, banks, savings and loan associations, investment companies, and fiduciaries and trustees, and may be deposited with and received by all public officers and the agencies and political subdivisions of this state for any purpose for which the deposit of bonds is authorized.

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1663b Insufficient tax increment revenues to repay advance or pay obligation; contents, time, and payment of claim; appropriation and distribution of aggregate amount; limitations; distribution subject to lien; obligation as debt or liability; certification of distribution amount; basis for calculation of distributions and claim reports.

Sec. 13b. (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 school code of 1976, 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 15 to be insufficient to repay an eligible advance or to pay an eligible obligation, the legislature shall appropriate and distribute to the
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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.

(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 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 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, excluding taxes exempt under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, if property taxes were levied by local school districts 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 tax increment revenues the authority actually received for the fiscal year.

(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 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.


Compiler's note: Enacting section 1 of Act 202 of 1997 provides:

"The provisions of section 1 and section 13b, as amended by this amendatory act, are retroactive and effective for taxes levied after 1993."

Popular name: Downtown Development Authority Act

Popular name: DDA

125.1664 Tax increment financing plan; preparation and contents; limitation; definition; public hearing; fiscal and economic implications; recommendations; agreements; modification of plan.

Sec. 14. (1) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, and the duration of the program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan. The authority or municipality may exclude from captured assessed value growth in property value resulting solely from inflation. The plan shall set forth the method for excluding growth in property value resulting solely from inflation.

(2) The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan's percentage capture and use of taxes levied by a municipality or county for operating purposes. 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, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws. For purposes of this subsection, tax increment revenues used to pay bonds issued by a municipality under section 16(1) shall be considered to be used by the tax increment financing plan rather than shared with the municipality. The limitation of this subsection does not apply to the portion of the captured assessed value shared pursuant to an agreement entered into before 1989 with a county or with a city in which an enterprise zone is approved under section 13 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2113 of the Michigan Compiled Laws.

(3) Approval of the tax increment financing plan shall be pursuant to the notice, hearing, and disclosure provisions of section 18. 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.

(4) 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 meet with the governing body. The authority shall fully inform the taxing jurisdictions of the fiscal and economic implications of the proposed development area. 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 development area is located to share a portion of the captured assessed value of the district.

(5) A tax increment financing plan may be modified if the modification is approved by the governing body upon notice and after public hearings and agreements as are required for approval of the original plan.


Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

Popular name: Downtown Development Authority Act

Popular name: DDA

125.1665 Transmitting and expending tax increments revenues; reversion of surplus funds; abolition of tax increment financing plan; conditions; annual report on status of tax increment financing account; contents; publication.

Sec. 15. (1) The municipal 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 pursuant to the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing property tax limitations. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished. However, the tax increment financing plan shall not be abolished until the principal of, and interest on, bonds issued pursuant to section 16 have been paid or funds sufficient to make the payment have been segregated.

(3) Annually the authority shall submit to the governing body of the municipality and the state tax commission a report on the status of the tax increment financing account. The report shall be published in a newspaper of general circulation in the municipality and shall include the following:

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


Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

Popular name: Downtown Development Authority Act

Popular name: DDA

125.1666 General obligation bonds and tax increment bonds; qualified refunding obligation.

Sec. 16. (1) The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan and shall pledge its full faith and credit for the payment of the bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 11. The bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body in the resolution authorizing the bonds. If the governing body of the municipality adopts the resolution authorizing the
DOWNTOWN DEVELOPMENT AUTHORITY

bonds, the estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds shall be conclusive for purposes of this section. The bonds issued under this subsection shall be considered a single series for the purposes of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2801.

(2) By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan. The tax increment bonds issued by the authority under this subsection shall pledge solely the tax increment revenues of a development area in which the project is located or a development area from which tax increment revenues may be used for this project, or both. In addition or in the alternative, the bonds issued by the authority pursuant to this subsection may be secured by any other revenues identified in section 11 as sources of financing for activities of the authority that the authority shall specifically pledge in the resolution. However, the full faith and credit of the municipality shall not be pledged to secure bonds issued pursuant to this subsection. The bond issue may include a sum sufficient to pay interest on the tax increment bonds until full development of tax increment revenues from the project and also a sum to provide a reasonable reserve for payment of principal and interest on the bonds. The resolution authorizing the bonds shall create a lien on the tax increment revenues and other revenues pledged by the resolution that shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds may be issued of equal standing and parity of lien as to the tax increment revenues and other revenues pledged under the resolution. Bonds issued under this subsection that pledge revenue received under section 11 for repayment of the bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) 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 13b 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.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1667 Development plan; preparation; contents; improvements related to qualified facility.

Sec. 17. (1) When a board decides to finance a project in the downtown district by the use of revenue bonds as authorized in section 13 or tax increment financing as authorized in sections 14, 15, and 16, it shall prepare a development plan.

(2) The development plan shall contain all of the following:
(a) The designation of boundaries of the development area in relation to highways, streets, streams, or otherwise.
(b) The location and extent of streets and other public facilities within the development area, 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.
(c) A 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 required for completion.
(d) 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.
(e) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.
(f) A description of any parts of the development area to be left as open space and the use contemplated for the space.
(g) A description of any portions of the development area that 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, or utilities.

(i) 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.

(j) 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.

(k) The procedures for bidding for the 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.

(l) 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 units 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 and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

(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, being Public Law 91-646, 42 U.S.C. sections 4601, et seq.


(p) Other material that the authority, local public agency, or governing body considers pertinent.

(3) A development plan may provide for improvements related to a qualified facility, as defined in the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, that is located outside of the boundaries of the development area but within the district, including the cost of construction, renovation, rehabilitation, or acquisition of that qualified facility or of public facilities and improvements related to that qualified facility.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1668 Ordinance approving development plan or tax increment financing plan; public hearing; notice; record.

Sec. 18. (1) The governing body, before adoption of an ordinance approving a development plan or tax increment financing plan, 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 be not less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing.

(2) Notice of the time and place of hearing on a development plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; 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; and other information that the governing body deems appropriate. 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 thereto. 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 thereat.


Popular name: Downtown Development Authority Act

125.1669 Development plan or tax increment financing plan as constituting public purpose; determination; ordinance; considerations.

Sec. 19. (1) The governing body after a public hearing on the development plan or the tax increment financing plan, or both, with notice thereof given in accordance with section 18, shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by ordinance based on the following considerations:

(a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.

(b) The plan meets the requirements set forth in section 17 (2).

(c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.

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

(e) The land included within the development area to be acquired is reasonably necessary to carry out the purposes of the plan and of this act in an efficient and economically satisfactory manner.

(f) The development plan is in reasonable accord with the master plan of the municipality.

(g) Public services, such as fire and police protection and utilities, are or will be adequate to service the project area.

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

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1670 Notice to vacate.

Sec. 20. 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.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1671 Development area citizens council; establishment; appointment and qualifications of members; representative of development area.

Sec. 21. (1) If a proposed development area has residing within it 100 or more residents, a development area citizens council shall be established at least 90 days before the public hearing on the development or tax increment financing plan. The development area citizens council shall be established by the governing body and shall consist of not less than 9 members. The members of the development area citizens council shall be residents of the development area and shall be appointed by the governing body. A member of a development area citizens council shall be at least 18 years of age.

(2) A development area citizens council shall be representative of the development area.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1672 Development area citizens council; advisory body.

Sec. 22. A development area citizens council established pursuant to this act shall act an advisory body to the authority and the governing body in the adoption of the development or tax increment financing plans.


Popular name: Downtown Development Authority Act
125.1673 Consultation.
Sec. 23. Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1674 Development area citizens council; meetings; notice; record; information and technical assistance; failure to organize, consult, or advise.
Sec. 24. (1) Meetings of the development area citizens council shall be open to the public. Notice of the time and place of the meetings shall be given by publication in a newspaper of general circulation not less than 5 days before the dates set for meetings of the development area citizens council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a development area citizens council, including information and data presented, shall be maintained by the council.

(3) A development area citizens council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a development area citizens council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1675 Citizens district council as development area citizens council.
Sec. 25. In a development area where a citizens district council established according to Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws, already exists the governing body may designate it as the development area citizens council authorized by this act.

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1676 Notice of findings and recommendations.
Sec. 26. Within 20 days after a public hearing on a development or tax increment financing plan, the development area citizens council shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

Popular name: Downtown Development Authority Act
Popular name: DDA

125.1677 Development area citizens council; dissolution.
Sec. 27. A development area citizens council may not be required and, if formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of the development area by the last federal decennial or municipal census, a governing body, after public hearing with notice thereof given in accordance with section 18 and by a 2/3 vote, may adopt an ordinance for the development area to eliminate the necessity of a development area citizens council.

(b) When there are less than 18 residents, real property owners, or representatives of establishments located in the development area eligible to serve on the development area citizens council.
DOWNTOWN DEVELOPMENT AUTHORITY

(c) Upon termination of the authority by ordinance of the governing body.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1678 Budget; cost of handling and auditing funds.

Sec. 28. (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 of the municipality. 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 of the municipality.

(2) The governing body of the municipality 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, which cost shall be paid annually by the board pursuant to an appropriate item in its budget.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1679 Historic sites.

Sec. 29. (1) A public facility, building, or structure that is determined by the municipality to have significant historical interests shall be preserved in a manner as considered necessary by the municipality in accordance with laws relative to the preservation of historical sites.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under the local historic district acts, 1970 PA 169, MCL 399.201 to 399.215, or the department of history, arts, and libraries for review.


Popular name: Downtown Development Authority Act

Popular name: DDA

125.1680 Dissolution of authority; disposition of property and assets; reinstatement of authority; contesting validity of proceedings, findings, and determinations.

Sec. 30. (1) An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

(2) An authority established under this act before December 31, 1988, that is dissolved by ordinance of the governing body before September 30, 1990 and that is reinstated by ordinance of the governing body after notice and public hearing as provided in section 3(2) shall not be invalidated pursuant to a claim that, based upon the standards set forth in section 3(1), a governing body improperly determined that the necessary conditions existed for the reinstatement of an authority under the act if at the time the governing body established the authority the governing body determined or could have determined that the necessary conditions existed for the establishment of an authority under this act or could have determined that establishment of an authority under this act would serve to promote economic growth and notwithstanding that the boundaries of the downtown district are altered at the time of reinstatement of the authority.

(3) In the resolution of intent, the municipality shall set a date for the holding of a public hearing on the adoption of a proposed ordinance reinstating the authority. The procedure for publishing the notice of hearing, holding the hearing, and adopting the ordinance reinstating the authority shall be as provided in section 3(2), (4), and (5).

(4) The validity of the proceedings, findings, and determinations reinstating an authority shall be conclusive unless contested in a court of competent jurisdiction within 60 days after the last of the following occurs:

(a) Publication of the ordinance reinstating the authority as adopted.

(b) Filing of the ordinance reinstating the authority with the secretary of state.

(c) May 27, 1993.


Popular name: Downtown Development Authority Act

Popular name: DDA
125.1681 Proceedings to compel enforcement of act; rules.

Sec. 31. (1) The state tax commission may institute proceedings to compel enforcement of this act.

(2) The state tax commission may promulgate rules necessary for the administration of this act pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.


Compiler's note: Section 2 of Act 425 of 1988 provides: "This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

Popular name: Downtown Development Authority Act
Popular name: DDA
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ORDINANCE NO. 475-04

AN ORDINANCE TO ADOPT AND APPROVE AMENDMENTS TO THE CITY OF SAULT STE. MARIE DOWNTOWN DEVELOPMENT AREA ONE TAX INCREMENT FINANCING AND DEVELOPMENT PLAN PURSUANT TO THE PROVISIONS OF ACT 197, AS AMENDED, AND TO PROVIDE FOR ALL MATTERS RELATED THERETO.

WHEREAS, the City Commission has held a public hearing on the proposed amendments to the Tax Increment Financing and Development Plan for the Sault Ste. Marie Downtown Development Area One, with notice of the hearing given pursuant to Section 18 of Act 197 of 1975, as amended:

The City of Sault Ste. Marie ordains:

Section 1. Ordinance No. 373-93, which adopted and approved the Tax Increment Financing and Development Plan for the Sault Ste. Marie Downtown Area One, is hereby amended to incorporate the amendments included herein.

Section 2. Approval and Adoption of Development Plan and Tax Increment Financing Plan. Based on the following determinations, the Development Plan amendments and the Tax Increment Financing amendments are hereby adopted:

a) The amendments to the development plan and tax increment financing plan constitute a public purpose.
b) The amendments to the development plan meet the requirements set forth in section 17(2) and the amendments to the tax increment financing plan meets the requirements set forth in section 14(1) of said act.
c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.
d) The development is reasonable and necessary to carry out the purposes of said act.
e) The amount of captured assessed value estimated to result from adoption of the plan is reasonable.
f) The development plan is in reasonable accord with the approved master plan of the municipality.
g) Public Services, such as fire and police protection and utilities, are or will be adequate to service the development area.
h) Any changes in zoning, streets, street levels, intersections, and utilities are reasonably necessary for the project and for the municipality.

Section 3. Duration of the Plan. The duration of the plan shall be forty years from the date of first adoption or until all planned improvements are completed, whichever occurs first.

Section 4. All other provisions of Ordinance 373-93 remain unchanged.
Section 5  This ordinance shall take effect ten days after its adoption and publication.

WE HEREBY CERTIFY that the foregoing ordinance was adopted by the City Commission of the City of Sault Ste. Marie, Michigan on 19th Day of April 2004.

ANTHONY G. BOSBOUS, MAYOR  LORI J. CLARKE, CITY CLERK

I HEREBY CERTIFY that the foregoing ordinance was published in The Evening News, a newspaper printed and circulated in the City of Sault Ste. Marie, Michigan on April 23, 2004.

LORI J. CLARKE, CITY CLERK