

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF MCBAIN

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

Original Plan:	December 8, 1984
Amended:	November 17, 1985
	July 11, 1988
	November 12, 1990
	March 13, 2000
Amended and Restated:	April 13, 2015

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

PREPARED FOR THE:

CITY OF MCBAIN

PREPARED BY THE:

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF MCBAIN

Board of Directors

Chairperson:	Steve Elenbaas
Vice-chairperson:	Herb Bronkema
Secretary:	Mike Kubiak
Treasurer:	Sharon Noordhoek
Ex Officio:	Clark Dykhouse
Members:	Wayne Baas Clayton Gilde Tyler Lutke Ed Meyering Bruce Taylor Tom Vine

Tax Increment Finance Authority Director

Robert B. Jones

Attorneys

Susan M. Wyngaarden, Varnum LLP
Mary Kay Shaver, Varnum LLP

TABLE OF CONTENTS

	<u>PAGE</u>
<u>SECTION I -- INTRODUCTION</u>	1
A. Purpose of the Tax Increment Finance Authority Act.....	1
B. Creation of the TIFA and Adoption of the Plan	2
<u>SECTION II -- DEVELOPMENT PLAN</u>	3
A. Development Area Boundaries.....	3
B. Location and Extent of Streets, Public Facilities and Land Uses.....	4
1. Street System	4
2. Municipal Water System	4
3. Sanitary Sewer.....	4
4. Storm Sewer	4
5. Schools.....	4
6. Parks and Recreation Areas.....	4
7. Public Buildings	4
8. Railroad Rights-of-Ways.....	5
9. The Location, Character and Extent of Existing Public and Private Land Uses	5
10. The Location, Character and Extent of Proposed Public and Private Land Uses.....	5
C. Location, Extent, Character and Estimated Costs of Proposed Improvements	5
1. Ball Diamonds – Parking Lot	5
2. Bike Path / Sidewalk/Bridge.....	6
3. Bleachers – Ball Diamonds	6
4. Bleachers – Football Field.....	6
5. Business Development	6
6. City Building / Offices / Museum	6
7. Fire-Fighting Apparatus	6
8. Incubator Building.....	6
9. Landscaping Along Railroad Tracks	7
10. Maintenance of Parks and Other Recreation Facilities in Deveopment Area.....	7
11. Management of TIFA	7
12. Parks Expansion	7
13. McBain Industrial Park Recreation Area.....	7
14. Power Study for Development Area.....	7
15. Power Systems for Development Area.....	7
16. Railroad Spur.....	7
17. Service Station.....	8
18. Sheriff Department Patrol Car.....	8
19. Sidewalks/Pathways	8
20. McBain Industrial Park Signage.....	8
21. Sports Complex Additions.....	8

22.	Storage Building	8
23.	Storm Drainage	8
24.	Strip Mall	8
25.	Street Lighting	9
26.	Street Resurfacing	9
27.	Truck	9
28.	Water and Sewer System Maintenance	9
29.	Water Well	9
D.	Projects Accomplished Under Original Plan and Amended Plan	11
E.	Construction Stages	12
F.	Open Space	12
G.	Dispositions of Property to or From the City Transactions	12
H.	Changes in Zoning, Streets and Utilities	13
1.	A Description of the Desired Zoning Changes	13
2.	A Description of Desired Changes in Streets, Street Levels, or Intersections	13
3.	A Description of Desired Changes in Utilities	13
I.	Development Financing	13
J.	Conveyance of Property To or From the TIFA	14
K.	Procedures for Conveyance of Property	14
L.	Estimate of the Number of Persons Residing in the Development Area and Displacement	15
M.	Displacement and Relocation Plan	15
N.	Displacement and Relocation Costs	15
O.	Compliance With Act 227 of the Public Acts of 1972	15
P.	Increase In Property Value – Need For Tax Increment Financing	15
SECTION III – TAX INCREMENT FINANCE PLAN		17
A.	Development of Captured Assessed Value	17
B.	The Tax Increment Procedure	17
1.	Implementing Public Improvements	17
2.	Issuing Bonds	18
3.	Captured Assessed Value	18
4.	Release of Captured Assessed Value	18
5.	Justification for Tax Increment Financing	18
6.	Preparation of Tax Roll Work Sheets	18
7.	Preparation of Taxing Jurisdiction Reports	19
8.	Establishment of Project Fund/Approval of Depository	19
9.	Payment of Tax Increment to TIFA	19
10.	School Districts and State of Michigan Exception from CAV	20
11.	Michigan Property Tax Reform	20
12.	Use of Tax Increment Revenue	20
C.	Revenues and Maximum Bonded Indebtedness to be Incurred	21
D.	Duration of the Program	22
E.	Operation and Planning Expenditures	22
F.	Costs To Be Paid From Tax Increment Revenues	22

G.	Impact on Assessed Values and Tax Increment Revenues of Other Taxing Jurisdictions	22
H.	Reports	23
1.	Annual TIFA Report	23
2.	Personal Property Reports	23

INDEX OF TABLE

	Page
Table 1	Development Activities and Costs 10

INDEX OF MAPS

Map A	Development Area Boundaries	M-1
Map B	City of McBain Zoning Map	M-2
Map C	Proposed Improvements under Plan	M-3

INDEX OF APPENDICES

Appendix A	Location, Character and Extent of Land Uses	A-1
Appendix B	Schedule of Estimated Tax Increment Revenues and Projected Impact on Taxing Jurisdictions	B-1

SECTION I

INTRODUCTION

A. Purpose of the Tax Increment Finance Authority Act

This Amended and Restated Tax Increment Finance and Development Plan (the "Plan") of the Tax Increment Finance Authority of the City of McBain (the "TIFA") has been prepared pursuant to the provisions of the Tax Increment Finance Authority Act, Act 450 of the Michigan Public Acts of 1980, as amended ("Act 450").

Act 450 was enacted to provide a means to prevent urban deterioration and encourage economic development and activity; to encourage neighborhood revitalization and historic preservation; to provide for the establishment of tax increment finance authorities and to prescribe their powers and duties; to authorize the acquisition and disposal of interests in real and personal property; to provide for the creation and implementation of development plans; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to permit the issuance of bonds and other evidences of indebtedness by an authority; to permit the use of tax increment financing; to reimburse authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state agencies and officers.

Tax increment financing is a government financing program which contributes to economic growth and development by dedicating a portion of the increase in the tax base resulting from the economic growth and development to facilities, structures or improvements within a development area, thereby facilitating economic growth and development. Tax increment financing mandates the transfer of tax increment revenues by municipal and county treasurers to authorities created under Act 450 in order to effectuate the legislative government programs to eliminate property value deterioration and to promote economic growth.

Act 450 seeks to accomplish its goals by providing local units of government with the necessary legal, monetary and organizational tools to eliminate property value deterioration and to promote economic growth through publicly initiated projects undertaken cooperatively with privately initiated projects.

Act 450 seeks to reverse historical trends which have led to a loss of population, tax base, job opportunities, and economic activity in Michigan cities. It gives cities the means to revitalize areas through a tax increment finance authority. The methods granted in the Act may be used by a tax increment finance authority in ways appropriate to the problems facing a particular city. The way in which a tax increment finance authority makes use of the methods made available under Act 450 depends on the problems and priorities of each community.

This Plan has been developed in accordance with the purposes of Act 450, based on the problems and priorities as perceived by the City and the TIFA, and as submitted for the approval of the City Council.

B. Creation of the TIFA and Adoption of the Plan.

In 1984, the City Council (the "City Council") for the City of McBain (the "City") established the TIFA. The TIFA is under the supervision and control of a board established under Act 450 (the "TIFA Board") with the powers granted by Act 450.

The City adopted a tax increment finance and development plan for the TIFA on December 8, 1984 (the "Original Plan"). The TIFA district boundaries were amended on October 14, 1985 and the Original Plan was amended on November 27, 1985, July 11, 1988, November 12, 1990 and March 13, 2000 (the Original Plan, including all of the amendments, the "Amended Plan").

The TIFA has played an important role in the successful planning, development and financing of improvements in the City and the McBain Industrial Park over the past several years. Many of the Amended Plan's projects have been completed, and the Amended Plan is scheduled to expire on May 1, 2015. New projects and goals have been identified by the City Council with input from the TIFA Board and the City's citizens. The TIFA and the City desire to amend and extend the Plan to incorporate these projects and goals.

On March 4, 2015, the TIFA Board adopted a resolution approving and recommending this Plan to the City Council. The TIFA and the City Council offered to hold a meeting with the taxing jurisdictions for the purpose of affording reasonable opportunity for each taxing jurisdiction to express their views and recommendations regarding the Tax Increment Finance Plan included in the Plan. The public hearing required by Act 450 was held April 13, following notice as required by Act 450. On April 13, 2015 (the "Restatement Date"), the City Council adopted a resolution approving the Plan. The Plan became effective on the Restatement Date.

The primary intention of the TIFA is to encourage economic growth through proper planning and provision of necessary and desirable public improvements in the Development Area (as defined below). The following text sets forth the Development Plan and the Tax Increment Finance Plan in accordance with Act 450.

SECTION II

DEVELOPMENT PLAN

A. Development Area Boundaries (see attached Map A)

A tax increment finance authority exercises its powers in development areas designated under Act 450. The TIFA has designated the entire TIFA district as a development area (the "Development Area") as shown on the attached Map A. It is generally located along the Northwest quadrant of the City where it is bounded by the North City limits, Pine Street (M-66) and the Great Lakes Central Railroad and extends south along Pine Street past Elm Street and also East along the North side of Maple Street, not quite to the City limits. It is best described by the legal description below:

Part of the East 1/2 of Section 24 and the Northeast 1/4 of Section 25 T21N, R8W, City of McBain and Southwest 1/4 of Section 19 and the Northwest 1/4 of Section 30, T21N, R7W, City of McBain, Missaukee County, Michigan described as: Beginning at a point 33.00 feet North of the South line of Section 24, T21N, R8W, being the North line of Maple Street and 33.00 feet Northeasterly of the centerline of the main line of the Tuscola Saginaw Bay Railroad; thence Northwesterly parallel with and 33.00 feet Northeasterly of said railroad centerline to the West line of the Northeast 1/4 of Section 24, thence Northerly along the said West line to the Northwest corner of the South 1/2 of said Northwest 1/4; thence Easterly to the Northeast corner of the South 1/2 of the Northwest 1/4; thence Southerly along the East line of Section 24, recorded in Liber S-2, Page 176 as South 3°17'32" East 809.28 feet; thence South 88°24'03" West 340.00 feet; thence South 3°17'32" East 179.68 feet; thence North 88°22'49" East 340.00 feet to the East line of Section 24; thence Southerly along said East line 329.60 feet to the East 1/4 corner of Section 24; thence Easterly to the East right-of-way line of M-66; thence Southerly along said East right-of-way line to the intersection of the North right-of-way line of the alley located approximately 220 feet North of the centerline of Maple Street; thence Easterly to the West line of the East 5/8 of the Southwest 1/4 of Section 19, T21N, R7W; thence Northerly along the West line of said East 5/8 of Southwest 1/4 to the Northwest corner of said East 5/8; thence Easterly to the Northeast corner of the Southwest 1/4 of Section 19; thence Southerly along the 1/4 line to a point 1,111.5 feet North of the South 1/4 corner of Section 19; thence Westerly 200 feet thence Southerly 416 feet; thence Westerly 196 feet; thence Southerly to the center line of Maple Street; thence Westerly along the centerline of Maple Street to the center line of Grace Street; thence Southerly along the center line of Grace Street to the intersection with the Easterly right-of-way line of the Tuscola and Saginaw Bay Railroad; thence Southeasterly along said Easterly railroad right-of-way to a point 168 feet South of the South line of the Northwest 1/4 of the Northwest 1/4 of Section 30, T21N, R7W; thence Westerly to the West line of Pine Street; thence Northerly along the West line of Pine Street to the South line of Euclid Street; thence Westerly along the South line of Euclid Street to the

extension of the West line of Lot 1 of John McBain's first addition to the Village of McBain; thence Northerly along the West line of said Lot 1 extended to a point 33 feet North of the South line of Section 24, T21N, R8W, being the North line of Maple Street; thence Easterly to the place of beginning.

B. Location and Extent of Streets, Public Facilities and Land Uses

1. Street System: Most of the existing public streets within the Development Area are also used as area boundaries, and since the boundaries are designated by rights-of-way, these streets fall under the jurisdiction of the Development Area. Baker Street is the only street whose full length is included within the Development Area. Portions of Gerwoude Drive, Pine Street, Grace Street, Euclid Avenue, Maple Street, and Roland Street are also included.

2. Municipal Water System: The municipal water system was first installed in the 1920's (an elevated water storage tank, well field and distribution lines) and has been upgraded on a piecemeal basis as needed. Within the Development Area, there now exists the three city water wells located on Maple Street and Elm Street and distribution lines. The City and TIFA are exploring locations for a fourth water well, but the location has not been determined at the time of this Plan.

3. Sanitary Sewer: The municipal wastewater collection and treatment facility was begun in 1979 and completed in 1981. Sewer service to the McBain Industrial Park was provided in 1985. The facilities within the Development Area consist of gravity collector sewers, a forcemain along Maple Street to the treatment facility and two lift stations within the McBain Industrial Park.

4. Storm Sewer: Storm drainage in the Development Area is primarily provided for in the form of open ditches, although the Michigan Department of Transportation owns a storm drainage collection pipe located on North Pine Street (M-66).

5. Schools: The McBain Rural Agricultural School is the only public school in the City and has grades K-12 on one site in the Development Area. Located on the school property are the school's outdoor athletic facilities.

6. Parks and Recreation Areas: Most of the City's park and recreation areas are included within the Development Area. These are as follows: (a) Stewart Park, a small park along the north side of Maple Street consisting of a picnic area and flower, herb and grass gardens; (b) a park between Pine Street and the railroad South of Elm Street consisting of two combined tennis and basketball courts and a bituminous skateboard and ice skating rink; (c) softball and baseball diamonds and playground equipment located on the west side of North Pine Street (M-66); and (d) fields and outdoor athletic facilities located at McBain Rural Agricultural School.

7. Public Buildings: The McBain Community Library, financed with proceeds of the 1994 Bonds (as defined below), is located in the Development Area on the north side of East

Maple Street, adjacent to the McBain Rural Agricultural School complex. No other government buildings, health facilities, etc. are located within the Development Area.

8. Railroad Rights-of-Ways: There are approximately 2,650 linear feet of railroad rights-of-way within the Development Area.

9. The Location, Character and Extent of Existing Public and Private Land Uses: Attached as Appendix A is a listing of each parcel included within the Development Area. The information pertaining to each parcel is from the 2014 tax roll. There are 57 real property records, 21 personal property records, 15 parcels exempt and 4 parcels with Industrial Facility Exemption Certificates (IFT tax abatements). See also Section II.B.1-8 above describing the existing public facilities and land uses.

Most of the personal property can be directly associated with a real property location. However, there are certain personal properties that are non-locational or that cannot be identified with a particular parcel. These include personal properties belonging to utilities, cable companies, and advertising companies, etc. For the purposes of establishing base year SEV, a percentage of the total value for these properties was assumed to be located within the Development Area. Personal property in this category includes Consumers Power Company and Michigan Consolidated Gas Company.

10. The Location, Character and Extent of Proposed Public and Private Land Uses: The City of McBain Master Plan designates future land uses for the Development Area and the City as a whole. The City of McBain Zoning Ordinance, adopted in December 1991, designates specific land use for all areas of the City including the Development Area. Generally, it indicates commercial or industrial usage north of Maple Street and west of M-66 and a mixture of commercial, residential and public in the remainder of the Development Area. See the attached Map B. In addition, the proposed public and private land uses and other planned development activities in the Development Area are described in Section II.C. below.

C. Location, Extent, Character and Estimated Costs of Proposed Improvements (see attached Map C)

The following list of activities is a general program of development. These are not in order of priority, but in alphabetical order. Project cost have been estimated using projections for construction, unit prices, hourly rates, miscellaneous costs, etc. as of the Restatement Date. Actual costs for projects with a future completion date may increase due to economic conditions (i.e., inflation, interest rate fluctuations), bidding conditions, slight project modifications to conform with current conditions or unknown circumstances that might impact or require alteration of currently expected projects and plans. It is the intention of the TIFA to complete the project as anticipated and not restrict the completion of a project because of limited cost estimate. As such, the estimates of extent, time and costs, etc., may change somewhat over the life of the Plan. The location of each project is shown on the attached Map C.

1. Ball Diamonds – Parking Lot: TIFA will pave a parking lot east of the three ball diamonds on North Pine Street (M-66) and adjacent playground area. Cost \$35,000.

2. Bike Path/Sidewalk/Bridge: A paved walk and non-motorized pathway will be constructed on the north side of Maple Street from Decker Street west to Roland Street to connect with existing walkways and service McBain Rural Agricultural School and others walking to the central part of the City. A retaining wall and storm sewer will be constructed to serve the path and sidewalks. Cost \$100,000.

3. Bleachers – Ball Diamonds: Construction of concrete bleachers at the ball diamonds on North Pine Street (M-66) will be done. Cost \$35,000.

4. Bleachers – Football Field: The home side of the football stadium was designed for a future bleachers addition. The present bleachers were constructed in two sections with the press box centered on the east section. An additional concrete stadium section will place the press box in the center of the bleachers. Each section has a maximum capacity of 280 people which would change total seating capacity from 560 people to 840. Cost \$45,000.

5. Business Development: A special line item in the annual TIFA budget will be maintained each year to finance equipment and personal property for businesses in the Development Area that the TIFA Board determines is desirable to create jobs and economic viability of the community. This amount will vary each year but will total approximately \$500,000 for the duration of the Plan. As moneys are paid back to TIFA, such funds will be added back into the budget and become available as an addition to the \$500,000.

6. City Building/Offices/Museum: A site will be selected to construct a building for city offices, meetings, voting, and to display and store items of historical interest concerning the City's heritage. TIFA's share of the cost will be \$200,000.

7. Fire-Fighting Apparatus: There are nine companies located in the McBain Industrial Park, four of which are processing wood products and five of which store various flammable products. This situation poses a risk of fire in the McBain Industrial Park. Over the 30-year history of the TIFA, many fires have occurred that required the use of various fire-fighting apparatus. The TIFA Board will monitor the City's fire-fighting apparatus needs and may have the TIFA assist the City in purchasing fire-fighting apparatus for use in the Development Area. Cost \$200,000.

8. Incubator Buildings: The history of the TIFA has shown that constructing and owning buildings to house industrial facilities has provided new jobs within the Development Area, the City, and Missaukee County. Four of the buildings constructed by TIFA are now occupied. Three of them have been sold, reimbursing the TIFA for their original investment and additional tax increment revenues are being paid to the TIFA as a result of the increased property values. The companies occupying these buildings are TJ's Trucking (employing 20 truck drivers), Heritage (Stoney Corners Wind Farm Maintenance Building – with 8-10 employees), and Brown Dairy (with 12 employees). Another building is leased to various companies, and presently is occupied by LGP Tools (with 3-4 employees). A fifth building burned and was not rebuilt; however, insurance proceeds reimbursed the TIFA and the property was sold. TIFA is

ready to build similar buildings as the need arises. TIFA portion of constructing additional buildings is estimated to be \$500,000.

9. Landscaping Along Railroad Tracks: Landscaping will be done along the north side of the Great Lakes Railroad north of Maple Street. Cost \$20,000.

10. Maintenance of Parks and Other Recreation Facilities in Development Area: The TIFA has four parks as well as other landscaping projects in the Development Area such as the areas in McBain Industrial Park along the fence and the roadways. These roadways, sidewalks, pathways, and storm sewers have been built to serve the TIFA's needs. A public need now exists to maintain these areas. The TIFA will allocate a yearly budget item for this purpose. Cost per year \$20,000.

11. Management of TIFA: A manager may be maintained to carry out the policies of the TIFA Board, recruit new businesses and industries, and assist the existing industries and businesses in the Development Area. This person will be hired on a contract basis and will pay for all operating costs of his/her work unless specifically authorized by the TIFA Board. Estimated yearly cost \$54,720.

12. Parks Expansion: Parks in the Development Area will be expanded from time to time to provide for various forms of recreation and leisure activity. A description and locations of these parks are set forth in Section II.B.6. above. Cost \$150,000.

13. McBain Industrial Park Recreation Area: A portion of the McBain Industrial Park should be reserved as open space and possibly contain a park area, as well as walking trails. There are currently wooded areas within that area that would be conducive to this type of development. Estimated cost \$25,000.

14. Power Study for Development Area: The McBain Power Station (formerly Viking Energy) has shown an interest in providing both steam and electric power to customers in the Development Area and areas beyond. The TIFA Board may assist in the study to determine the costs and feasibility of this project. Cost for the TIFA's share is \$25,000.

15. Power Systems for Development Area: If the power feasibility studies determine that either steam or electric power would be cost effective, the TIFA could assist in the construction of lines for steam and/or electric power. If this were to be done, the TIFA would impose a monetary charge for use of these lines. Cost \$100,000.

16. Railroad Spur The main railroad line running northwest-southeast through the City does not serve the industries in the northern part of the McBain Industrial Park. In order to provide rail service to these industries a new rail spur is needed. The engineering for this spur is estimated to cost \$62,000, of which Viking Energy of McBain has committed to pay up to half. The TIFA will pay the other half or \$31,000. The construction cost is estimated at \$540,000 of which Viking Energy is committed to pay all the cost except \$180,000 or 1/3 of the total cost, whichever is less. The remaining portion will be paid by the TIFA. The costs paid by the TIFA will be allocated to that portion of the railroad spur which is located within the Development

Area. The TIFA contribution to the railroad spur may take the form of land acquisition for the property on which the railroad spur will be located. Total cost \$221,000. The TIFA will also be responsible for all or a portion of the ongoing operation and maintenance costs of the railroad spur in the future.

17. Service Station: The City had two service stations providing fuel for automobiles, trucks, and other vehicles, and related services. One of these stations is open on a limited basis. The other has gone through foreclosure and has contamination problems on site. The TIFA is prepared to assist in the site cleanup and/or the development of a new modern service station in the City. Estimated cost \$100,000.

18. Sheriff Department Patrol Car: The nine new businesses that have located in the Development Area and the businesses which have grown as a result of these industries have created a greater demand on the law enforcement in the City. Safety reasons are causing the need for an additional patrol car for the Missaukee Sheriff Department. Many businesses in the Development Area have expressed concern for a higher level of law enforcement in the Development Area. This vehicle will be used primarily to patrol the Development Area. Vehicle cost \$30,000.

19. Sidewalks/Pathways: Paving and upkeep of all the sidewalks and pathways in the Development Area will be done as needed. Yearly cost \$15,000.

20. McBain Industrial Park Signage: A second McBain Industrial Park sign will be constructed and erected at the entrance located at Stoney Corners and Cherry Drive. Cost \$20,000.

21. Sports Complex Additions: The McBain Rural Agricultural School Sportsplex, constructed with assistance from the TIFA in 1991, would be benefited by the addition of a building that would serve as a gatehouse, storage area, and auxiliary dressing room. The gatehouse will be positioned between the present football field entrance and the baseball field. This position would be an added safety feature. The present situation has spectators exiting in front of the egress drive, which is very dangerous. Cost \$40,000.

22. Storage Building: Equipment and materials necessary to maintain the public properties within the Development Area require an enclosed storage building. Such a building will be constructed within the Development Area. Estimated cost \$75,000.

23. Storm Drainage: As McBain Industrial Park and business in the Development Area continues to develop and create additional water drainage, the TIFA will address this increase with additional storm drainage systems. At present, a specific need exists at the corner of Maple Street and Pine Street (M-66). Cost \$100,000.

24. Strip Mall: If property ever becomes available within the Development Area, the TIFA will assist a private investor to develop a shopping strip mall. TIFA share \$200,000.

25. Street Lighting: Street lighting will be installed in the Development Area along Cherry Street, near the ball diamonds and other areas as needed. Maintenance of existing street lighting will also be the responsibility of the TIFA. Annual cost \$10,000.

26. Street Resurfacing: As the streets in the Development Area become worn, the TIFA will resurface and upgrade them. These streets are named as follows: Baker, Cherry, Elm, Euclid, Gerwoude, Grace, Pine (M-66), and North Roland. Cost \$300,000.

27. Truck: Maintenance of the special areas constructed to accomplish the purposes of the TIFA for economic development and community development requires special equipment such as a truck. TIFA will pay its share of a truck and other equipment used for this purpose. TIFA share \$80,000.

28. Water and Sewer System Maintenance: Maintenance as needed. Cost \$200,000.

29. Water Well: A City well has been shut down because of high levels of chemicals. A new well is being planned to replace this well and provide additional water volume for companies in the Development Area. The location has not been determined at the time of this Plan. The estimated cost is \$250,000.

Table 1 – Development Activities and Costs

<u>PROJECT NO.</u>	<u>DEVELOPMENT ACTIVITY</u>	<u>YEARLY COST (\$)</u>	<u>COST (\$)</u>
1	Ball Diamonds – Parking Lot		\$ 35,000
2	Bike Path/Sidewalk/Bridge		100,000
3	Bleachers – Ball Diamonds		35,000
4	Bleachers – Football Field		45,000
5	Business Development		500,000
6	City Building/Offices/Museum		200,000
7	Fire-Fighting Apparatus		200,000
8	Incubator Buildings		500,000
9	Landscaping Along Railroad Tracks		20,000
10	Maintenance of Parks and Recreational Facilities	20,000	1,000,000
11	Management of TIFA	54,720	1,368,000
12	Parks Expansion		150,000
13	McBain Industrial Park Recreation Area		25,000
14	Power Study		25,000
15	Power Systems		100,000
16	Railroad Spur – Engineering Construction		31,000 180,000
17	Service Station		100,000
18	Sheriff Patrol Car		30,000
19	Sidewalks/Pathways	15,000	250,000
20	McBain Industrial Park Signage		20,000
21	Sports Complex Addition		40,000
22	Storage Building		75,000
23	Storm Drainage		100,000
24	Strip Mall		200,000
25	Street Lighting	10,000	250,000
26	Street Resurfacing		300,000
27	Truck		80,000
28	Water and Sewer Maintenance		200,000
29	Water Well		250,000
Total:			<u>\$6,409,000</u>

Project Cost estimates may include engineering and legal.

D. Projects Accomplished Under Original Plan and Amended Plan

The following projects have been financed by the TIFA in accordance with the Amended Plan from 1984 through 1999:

<u>Project</u>	<u>Cost</u>
Industrial Park Platting	\$ 12,582
School Parking Lot Drainage	10,624
Original industrial site land, water, sewer roads, railroad spurs	426,057
Industrial Park – land water, sewer, roads	466,000
Cherry/Gerwoude Extension Baker Street	50,000
Total cost of roads paid by grant & county	(315,432)
Storm water – Maple/Euclid/Pine	37,622
Landscaping/fence/sign/streetscape	70,500
Industrial Park lighting	33,000
Platting	19,000
Softball complex	83,035
School athletic field	110,000
Bike path/pathway	40,000
Bond	50,000
Maintenance - Industrial Park Services	174,091
Drainage study	8,000
Business development	1,080,000
Pump house	15,300
Well	152,755
Incubator building	1,200,000
Library/community building	600,000
Paving Streets in District	25,222
Sidewalks	7,260
Promotional Brochure	3,110
Generator	27,528
Tennis Courts	237,572
Water Loop	99,398
Water system controls	30,000
Street lights on Pine	6,000
Volleyball Court	1,250
Firebarn roof	22,700
Total:	\$5,098,606

The following projects have been financed by the TIFA in accordance with the Amended Plan from 2000 through 2014:

Ambulance	\$ 47,500
Backhoe	72,000
Energy Feasibility Study	100,000
Fence, Industrial Park	24,000
Fire Trucks (2)	177,665
Public Improvements & Equipment	320,000
Security Cameras	119,000
Sidewalks	50,000
Stewart Park	55,000
Street Resurfacing	166,000
Street Sweeper	35,000
Telecommunications (Wireless Internet)	110,000
Snow truck	24,000
Streetlights	42,500
Water Loop	47,500
Total:	\$1,390,165

E. Construction Stages

Construction of the activities proposed above are expected to be completed within the next 25 years. The majority of the projects are to be financed from either tax increment bond issues or tax increment revenues. Projects will be completed as the need and finances become available and priority will be given to projects that result in a direct increase of employment within the Development Area.

F. Open Space

Only a few parcels of land within the Development Area are contemplated to be retained as open space. Several acres just north of the existing Gerwoude Drive consists of low, wet, bushy land which should be left in a natural state. Other small areas within the Development Area will be left as open space and used as zones of separation and buffering in most cases. Public open space is not intended for other specific areas within the Development Area with the exception of small recreation areas and currently undeveloped parcels. In general, open space areas will be incorporated into other uses such as landscaped areas and passive areas around buildings within the recreation areas. There are other vacant lots that may remain open space for some time, depending on when and if they are developed.

G. Dispositions of Property to or From the City

Both the TIFA and the City own several parcels within the Development Area. If the TIFA and the City determine that is necessary to accomplish any project under this Plan or the goals and objectives of the TIFA, the TIFA may sell, donate, exchange or lease property to or

from the City. The terms of such sale, donation, exchange or lease shall be determined by the TIFA and the City and be in accordance with local municipal policy and state law, as applicable.

H. Changes in Zoning, Streets and Utilities

1. A Description of the Desired Zoning Changes: The City adopted a zoning ordinance in December 1991. It is not anticipated that any zoning changes be made during the life of this Plan. However, if any changes are proposed they would be subject to the legal procedure as set forth by the City Council.

2. A Description of Desired Changes in Streets, Street Levels, or Intersections: With the completion of the railroad spur identified in Section II.C.15. above, a railroad crossing will be constructed on Baker Street. Other than this addition, there are no anticipated changes in local streets, street levels, or intersections under this Plan, although some construction activities within local street rights-of-way may be necessary.

3. A Description of Desired Changes in Utilities: Utility extensions may be constructed within the Development Area as part of projects described in Section II.C. above.

I. Development Financing

The estimated cost of the development proposed in this Plan as of the Restatement Date is approximately \$6,209,000. A breakdown of this cost estimate is provided in Table 1 above. The costs include expenditures for activities associated with the accomplishment of each of the projects described in Section II.C. above, plus administrative expenses.

Historically, the TIFA financed projects under the Plan through tax increment financing, leases of real and personal property and interest realized on investments. The TIFA also issued its Tax Increment Bonds, Series 1994 (General Obligation – Limited Tax) (the "1994 Bonds") to finance certain projects under the Amended Plan. The 1994 Bonds were paid in full in 2000.

The TIFA expects to finance the projects identified in Section II.C. and Table 1 above from one or more of the following sources:

1. Contributions and/or donations to the TIFA for the performance of its functions;
2. Revenues from any property, building or facility sold, owned, leased, licensed, or operated by the TIFA or under its control, subject to the limitations imposed upon the TIFA by trusts or other agreements;
3. Tax increment revenue to be received pursuant to the Tax Increment Finance Plan;
4. Proceeds of tax increment bonds;

5. Proceeds of revenue bonds;

6. Money obtained from any other sources approved by the City or otherwise authorized by law for use by the TIFA or the City to finance a development program;

Other than as described in Section II.C. above, no private sector investment commitments have been made, nor have estimates of private sector costs been included. The private sector improvements would be financed through conventional lending sources arranged by the private owners or developers.

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

J. Conveyance of Property To or From the TIFA

The TIFA currently leases a building in the McBain Industrial Park to L.G.P. Tools on a month-to-month basis. The TIFA may grant an easement, license, or lease, or otherwise convey or dispose of property, to Viking Energy of McBain and other properties within or adjacent to the Industrial Park in connection with the construction of the railroad spur described in Section II.C.16 above. Except as described above, there are no private interests, parties or person identified to whom land in the Development Area is to be sold, leased or conveyed. All of the projects described in Section II.C. above are being undertaken for the benefit of the community as a whole.

In the future, the TIFA may convey or otherwise dispose of, lease as lessor, or grant licenses, easements, and options with respect to, land and other property, real or personal, or rights or interests therein, within the Development Area to private parties for redevelopment for appropriate retail, commercial or industrial uses which the TIFA determines is reasonably necessary to achieve the purposes of Act 450. The conveyance of such property shall be conducted in accordance with Section II.K. below.

The TIFA may also acquire by purchase or otherwise, on terms and conditions and in a manner the TIFA considers proper, land and other property, real or personal, or rights or interests therein (including licenses, easements, and options), which the TIFA determines is reasonably necessary to achieve the purposes of Act 450.

K. Procedures for Conveyance of Property

The terms under which land and other property, real or personal, or rights or interests therein, will be sold, leased, licensed or otherwise conveyed (including by easement, grant or option) from the TIFA to private development interests shall be determined by the TIFA.

The procedures by which bids to sell, lease or otherwise convey (including by easement, grant or option) such property will be received and awarded will be in accordance with procedures and practices the TIFA determines is reasonably necessary to achieve the purposes of Act 450.

The TIFA will reserve the right to select the development proposal and/or the developer whose proposal best meets the intent of this Plan and the best interests of the TIFA and the City.

L. Estimate of the Number of Persons Residing in the Development Area and Displacement

There are 18 residences and approximately 29 persons residing in the Development Area. There will be no displacement or relocation required as a result of this Plan.

M. Displacement and Relocation Plan

Since no persons will be displaced from the Development Area by any of the proposed projects, it is not necessary to prepare a plan for establishing priority for displaced persons. In the event that future projects involve the relocation of displaced persons, the TIFA, with the cooperation of the City, will prepare and adopt a formal relocation plan prior to the relocation.

N. Displacement and Relocation Costs

All costs associated with any personal or real property acquisition and relocation activities will be approved by the TIFA and, if applicable, by the City Council.

In the event that future projects involve the relocation of displaced persons, provisions for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incidental to the transfer of title, shall be made in accordance with the standards and provisions of the Federal the Uniform Relocation Assistance and Real Property Acquisition Act.

O. Compliance With Act 227 of the Public Acts of 1972

This Plan meets the requirements of Act 227 of the Michigan Public Acts of 1972, as amended ("Act 227"), in that there are no displaced persons or businesses at present and future development will comply with Act 227 to the extent required.

P. Increase In Property Value – Need For Tax Increment Financing

Projects which have been accomplished in the Amended Plan would likely not have happened without the existence of tax increment financing. Tax increment revenues paid to the TIFA as the result of tax increment financing have resulted from tremendous growth in the tax base as a result of these projects.

Tax increment revenues paid for the debt service on the 1994 Bonds, which were used to finance the construction of the McBain Library and public improvements in the McBain Industrial Park and in nearby industrial and commercial areas. These public improvements have led to the construction of facilities for nine new businesses in the Development Area. The TIFA has financed the construction of four buildings, three of which are fully occupied (the fourth burned, but the TIFA collected insurance proceeds making it whole and the property was sold).

We see in the attached Appendix B the tremendous growth in taxable value of the Development Area, which was largely the result of the creation of the McBain Industrial Park. In the base year of 1984, the State Equalized Value of the real properties in the Development Area was \$571,800. This increased to \$6,015,438 in 2014. The personal property value within the Development Area was \$138,283 in 1984. This increased to \$5,715,317 in 2014. Industrial Facility Tax (IFT) values in 2014 were \$103,500 for real property and \$2,591,100 for personal property. These values compare to nonexistent values in 1984. These tax values and the resultant tax increment revenues are the direct result of the projects in the Original Plan and the Amended Plan.

This Plan, including all of its proposed improvements, is intended to create an atmosphere conducive to industrial development in the Development Area. During the years of 1986 until 2014 new industrial buildings, building improvements, and new personal property created tax increment revenues which in the year 2014 totaled approximately \$210,000. All of the improvements listed in Section II.C. are similarly intended to create construction of industrial and commercial buildings, additions to existing buildings, and new personal property which will increase property values and add substantially to the existing tax increments in the Development Area.

This benefits both the City and Missaukee County areas outside the Development Area. As examples, many employees of Development Area industries and businesses live in the City or Missaukee County outside of the Development Area and pay taxes to the City and Missaukee County. Also, many businesses in the Development Area purchase materials and services from outside the Development Area, but within the City and Missaukee County. These employment opportunities and purchases would not happen without TIFA financing.

SECTION III

TAX INCREMENT FINANCE PLAN

A. Development of Captured Assessed Value

The primary objective of the tax increment financing concept is to create economic expansion. The major objective of the development plan is to provide the necessary public improvements with which to support property owners involved in their projects, with a favorable climate for development. One of the constraints inherent in plans of this scale is the unavailability of the required amount of money for public improvements. It has been determined that tax increment financing would provide an appropriate source of funds within a reasonable time frame. Tax increment financing is considered an equitable method to help develop the projects identified herein and provide the TIFA with some financial leverage that it previously did not have. A significant portion of the final financing package will consist of cooperative joint funding and the use of tax increment financing. The City's commitment to the TIFA is an important and necessary ingredient upon which to accomplish the development plan.

The successful financial packaging of the proposed public improvements will serve to fulfill the objectives of the City, but the projects will not be completed without commitment through this Plan. New industrial or commercial tenants will be encouraged to locate using the improvements detailed in the Development Plan. Bonds issued as the result of new development create a self-fulfilling situation that the public improvements are made possible through tax increment bonds issued as the result of the private investment. In this way, revenue is generated from captured SEV increases that otherwise would not have occurred.

B. The Tax Increment Procedure

The theory of tax increment financing is that investment in public improvements of an area within the municipality will result in greater tax revenues from that area than would otherwise occur if no special development were undertaken. Therefore, it is important to earmark a portion of the resulting increased tax revenues for the purpose of paying the cost of providing public improvements in that area. A tax increment financing and development plan may earmark all or any portion of the tax increment revenues for use in paying the cost of the development plan.

The plan must be adopted by the local legislative body following consultation with the taxing units involved and a public hearing as required by statute. The essence of the tax increment financing procedure is as follows:

1. Implementing Public Improvements: The public makes an investment in public improvements, and also potentially in facilities to be leased or sold to private owners, for the purpose of stimulating private investment in a specific development district. The investment must be made in response to a declining business climate and tax base, which the public wishes to protect and develop.

2. Issuing Bonds: Bonds may be issued to finance the improvements. This is not mandatory, as tax increments received may be used in any manner the authority desires, provided those uses are described in the plan. Should increments be sufficient to warrant the selling of bonds, these bonds are retired in a manner prescribed by the authority. The TIFA issued the 1994 Bonds and paid these in full in 2000. The TIFA has no outstanding Bonds as of the Restatement Date.

3. Captured Assessed Value: The initial values for properties are from the base year or a more current year because of a property split, new personal property, etc. Taxes generated from the subsequent growth in the tax base of the development area are retained and utilized by the authority. This tax base growth is called the "captured assessed value" (CAV). Specifically it is the increase in state equalized value (SEV) of the project area in any given year over the valuation of that area at the time the tax increment financing development plan was adopted.

In this Plan, the base value for the majority of the properties in the Development Area was established in 1984, the year the TIFA was established. In 2014, the CAV was \$11,230,515 for the development area.

4. Release of Captured Assessed Value: When the specified finance plan is accomplished, the CAV is released and the taxing units receive all the taxes levied on it from that point on.

5. Justification for Tax Increment Financing: Since only the growth in tax base (the CAV) in the development area is used to finance the development plan, the taxing units continue to receive their full tax levy on the district tax base in existence at the time of adoption of the development plan.

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

6. Preparation of Tax Roll Work Sheets: Each year, within 45 days of the date that the state finally equalizes SEV (Fourth Monday in May), the local assessor shall prepare the Tax Roll Work Sheet. The Tax Roll Work Sheet shall be prepared in a manner similar to the attached Exhibit A. It shall include a complete listing of all properties within the Development Area (real, personal, exempt and facilities exemptions). The tax roll work sheet shall include the following required information:

- a. Identification of type of property (real, personal, etc.);
- b. Tax identification number;
- c. Last name of owner of record;

- d. Base year SEV;
- e. Current year SEV;
- f. Total millage being levied by taxing jurisdictions eligible for capture by TIFA;
- g. Captured assessed value; and
- h. Tax revenue from CAV.

7. Preparation of Taxing Jurisdiction Reports: A summary of the tax roll work sheet called the "Taxing Jurisdiction Report" shall be prepared for the appropriate taxing jurisdictions. It shall list the taxing jurisdiction of the units captured by the TIFA, in which the Development Area is located, the initial assessed value of all real and personal property in the Development Area, the current millage rates of each taxing jurisdiction on both real and personal property, the special tax rolls prepared for property for which facilities exemption certificates have been awarded, and the amount of tax revenue derived by each taxing jurisdiction from ad valorem taxes on the property in the Development Area.

The municipal treasurer shall transmit copies of the Taxing Jurisdiction Report to the county treasurer, the TIFA and each taxing jurisdiction, together with a notice that the report has been prepared in accordance with the tax increment finance plan pursuant to Act 450.

8. Establishment of Project Fund/Approval of Depository: The treasurer of the TIFA shall establish a depository which shall be kept in a bank or banks or other financial institution, approved by the board of directors of the authority, to be designated Tax Increment Finance Authority Fund. All monies received by the TIFA pursuant to the tax increment finance plan shall be deposited in the fund. All moneys in that fund and earnings thereon shall be used only in accordance with the development plan, the authority's by-laws and related municipal ordinances and resolutions.

9. Payment of Tax Increment to TIFA: The municipal and county treasurer shall, as ad valorem taxes are collected on the property in the Development Area, pay that proportion of the taxes, except for penalties and collection fees, that the CAV bears to the initial assessed value to the treasurer of the TIFA for deposit in the Tax Increment Finance Authority Fund. The payments shall be made on the date or dates on which the municipal and county treasurers are required to remit taxes to each of the taxing jurisdictions.

A schedule of the estimated tax increment revenues to be realized from increases in property values and from increases in Act 198 assisted industrial facilities exemption property values for the period from 2015 through 2040 are set forth in the attached Appendix B. These estimates are based on actual taxable value for 2014, no change in taxable values for the years 2015 through 2025 and an assumed growth rate of 1% per year thereafter due to factors not directly related to new construction, such as inflationary increases, various market factors,

changes in the use of property resulting in reassessment, or other factors. These estimates do not include revenues captured from the State or the local and intermediate school districts. The estimates and assumptions used in Appendix B are tentative. The actual tax increment which will be captured in any given year will depend on the value of improvements on property included in the Development Area, the date on which the property values are reassessed, the actual millage rates levied by the taxing jurisdictions, the impact of personal property tax reform, and similar variables. It is estimated that the TIFA will capture approximately \$6,413,000 in tax increment revenue over the remaining duration of the Plan, but the actual amount may be higher or lower.

10. School Districts and State of Michigan Exception from CAV: The local treasurer and assessor should be aware that for purposes of computations of CAV, local school districts and the State of Michigan are exempt from the capture of taxes under this Plan.

11. Michigan Property Tax Reform: On March 28 and April 1, 2014, Governor Snyder signed into law a package of bills amending and replacing legislation enacted in 2012 to reform personal property tax in Michigan. Commercial and industrial personal property of each owner with a combined true cash value in a local taxing unit of less than \$80,000 is exempt from ad valorem taxes beginning in 2014 (the "small taxpayer exemption"). All eligible manufacturing personal property ("EMPP") purchased or put into service beginning in 2013 and used more than 50% of the time in industrial processing or direct integrated support becomes exempt beginning in 2016. In addition, previously existing EMPP will be exempt starting in 2016 if it was subject to taxation for 10 years or more, and eventually, by 2023, all EMPP will be exempt as it is phased in. The legislation extends certain personal property tax exemptions and tax abatements for technology parks, industrial facilities, and enterprise zones that were to expire after 2012, until the newly enacted personal property tax exemptions take effect.

Pursuant to voter approval in August 2014, the 2014 legislation also includes a formula to reimburse local governments, including tax increment finance authorities, for lost personal property tax revenue. To provide the reimbursement, the legislation is reducing the state use tax and creating a Local Community Stabilization Authority which will levy a local use tax component and distribute that revenue to qualifying local units. The legislation contemplates that tax increment authorities, like the TIFA, will be fully reimbursed (a) for any losses of tax increment revenues arising from the small taxpayer exemption in the fiscal years 2014-2015 and 2015-2016, and (b) for any losses of tax increment revenues arising from the EMPP exemptions beginning in 2015-2016 based on taxes levied on personal property within the Development Area in the 2013 fiscal year. However, the final impact of this legislation cannot be determined at this time nor can the ultimate nature, extent, and impact of future amendments to Michigan's property tax laws on the TIFA's finances be predicted.

12. Use of Tax Increment Revenue: The tax increment revenue paid to the TIFA by the municipal and county treasurers is to be disbursed by the TIFA from time to time in such manner as the TIFA may deem necessary and appropriate in order to carry out the purposes of the Development Plan, including but not limited to the following:

a. The principal, interest and reserve payments required for any bonded indebtedness to be incurred in its behalf for purposes provided in the Development Plan.

b. Cash payments for initiating and completing any improvements or activity called for in the Development Plan, including but not limited to lease payments.

c. Any annual operating deficits that the TIFA may incur from acquired and/or leased property in the Development Area.

d. Interest payments on any sums that the TIFA should borrow before or during the construction of any improvement or activity to be accomplished by the Development Plan.

e. Payments required to establish and maintain a capital replacement reserve.

f. Payments required to establish and maintain a capital expenditure reserve.

g. Payments required to establish and maintain any required sinking fund.

h. Payments to pay the costs of any additional improvements to the Development Area that are determined necessary by the TIFA and approved by the City.

i. Any administrative expenditure required to meet the cost of operation of the TIFA and to repay any cash advances provided by the City. This may include quarterly payments to the City of support overhead expenses.

j. Payments to the City for public services, such as police, fire and snow removal. As the Development Area develops, the demand for such public services will increase. Since the City will not receive additional property taxes to fund such increased services, the failure to adequately provide such services may discourage development of the Development Area. Accordingly, the TIFA may elect to allocate tax increment revenue to the City to ensure that such services are provided, subject to any limitations contained in Act 450.

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

C. Revenues and Maximum Bonded Indebtedness to be Incurred

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

1. The issuance of one or more series of revenue bonds which may be supported by a limited tax pledge if authorized by resolution of the City Council or, if authorized by the voters of the City, the unlimited tax, full faith and credit of the City;

2. Tax increment bonds which are secured by tax increment revenue to be received from property within the Development Area and which may be secured by a limited tax pledge of the City if authorized by resolution of the City Council or, if authorized by the voters of the City, the unlimited tax, full faith and credit of the City;

3. Funds borrowed from the City at rates and terms to be agreed upon or as set forth elsewhere in the Plan; and/or

4. Cash.

Tax collections expected to be generated by the CAV of property within the Development Area are expected to be adequate to provide for payment of principal and interest on bonds issued by the TIFA or funds borrowed from the City.

All revenues of the TIFA are committed to repaying the principal and interest on all bonds issued by the TIFA on a first priority basis. The TIFA issued the 1994 Bonds, which were paid in full in 2000. There are no outstanding bonds as of the Restatement Date. Any and all projects and activities of the TIFA could benefit from the sale and use of bond proceeds. The maximum amount of bonded indebtedness over the remaining life of the Plan after the Restatement Date is expected to be between \$2,000,000 and 3,000,000. Accordingly, the maximum amount of bonded indebtedness over the remaining life of the Plan after the Restated Date is \$3,000,000.

D. Duration of the Program

This Plan further extends the term of the Amended Plan for an additional twenty-five (25) years, expiring May 31, 2040 (following the collection of the December 1, 2039 tax levy), in order to provide sufficient revenues to accomplish the objectives of the Development Plan, including the repayment of bonds or other indebtedness necessary. The term of the Plan may be modified from time to time by the City Council of the City upon notice and upon public hearing and amendments as required by Act 450.

E. Operation and Planning Expenditures

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

F. Costs To Be Paid From Tax Increment Revenues

All revenues will be used for the costs of the Plan.

G. Impact on Assessed Values and Tax Increment Revenues of Other Taxing Jurisdictions

The overall impact of the Development Plan is expected to generate increased economic activity in the Development Area, the City and Missaukee County. This increase in activity will, in turn, generate additional amounts of tax revenue to local taxing jurisdictions through increases in assessed valuations of real and personal property and from increases in personal income due to new employment within the Development Area, the City, other neighboring communities and Missaukee County. The projections set forth in attached Appendix B assume a growth rate of 1% per year for the years 2026 through 2040. This estimated growth rate is based on inflationary increases, various market factors, changes in the use of property resulting in reassessment, or other factors. It does not take into consideration new construction.

For purposes of determining the estimated impact of this Tax Increment Finance Plan upon those taxing jurisdictions within the Development Area, estimates of CAV were used along with 2014 tax millage allocations to determine tax increment revenue amounts that would be shifted from these jurisdictions to the TIFA to finance the projects set forth in this Plan.

H. Reports.

1. Annual TIFA Report: The TIFA shall submit annually to the City and the State Tax Commission a financial report on the status of this Plan. The report shall include the following:

- a. The amount and source of tax increments received;
- b. The amount in any bond reserve account;
- c. The amount and purpose of expenditures from the tax increment revenues;
- d. The amount of principal and interest on any outstanding bonded indebtedness of the TIFA;
- e. The initial assessed value of the Development Area;
- f. The captured assessed value retained by the TIFA;
- g. The number of jobs created as a result of the implementation the Plan; and
- h. Any additional information the City or the State Tax Commission considers necessary.

2. Personal Property Reports: As more fully described in Section III.B.11. above, there is legislation contemplating that that tax increment authorities, like the TIFA, will be fully reimbursed for losses of tax increment revenues arising from the small taxpayer exemption in the fiscal years 2014-2015 and 2015-2016 and any losses of tax increment revenues arising from the EMMP exemptions beginning in the fiscal year 2015-2016. The Local Community Stabilization Authority Act, Act 86 of the Michigan Public Acts of 2014, as amended ("Act 86"), being MCL

Sections 123.1341, et.al. sets forth the procedure for tax increment authorities, like the TIFA, to be reimbursed.

By June 15, 2015, Act 86 requires the TIFA to report to the Michigan Department of Treasury the TIFA's "tax increment small taxpayer loss" (as defined in Act 86) for the current calendar year. Beginning no later than June 15, 2016 and each June 15 thereafter, the TIFA shall calculate the amounts required by Section 16a(2) of Act 86, being MCL Section 123 1356a and report the same to the Michigan Department of Treasury.

The TIFA shall calculate all amounts and file such reports as required by Act 86 or such other legislation in order to preserve the TIFA's right to be reimbursed for losses of tax increment revenues arising from changes to personal property taxes.

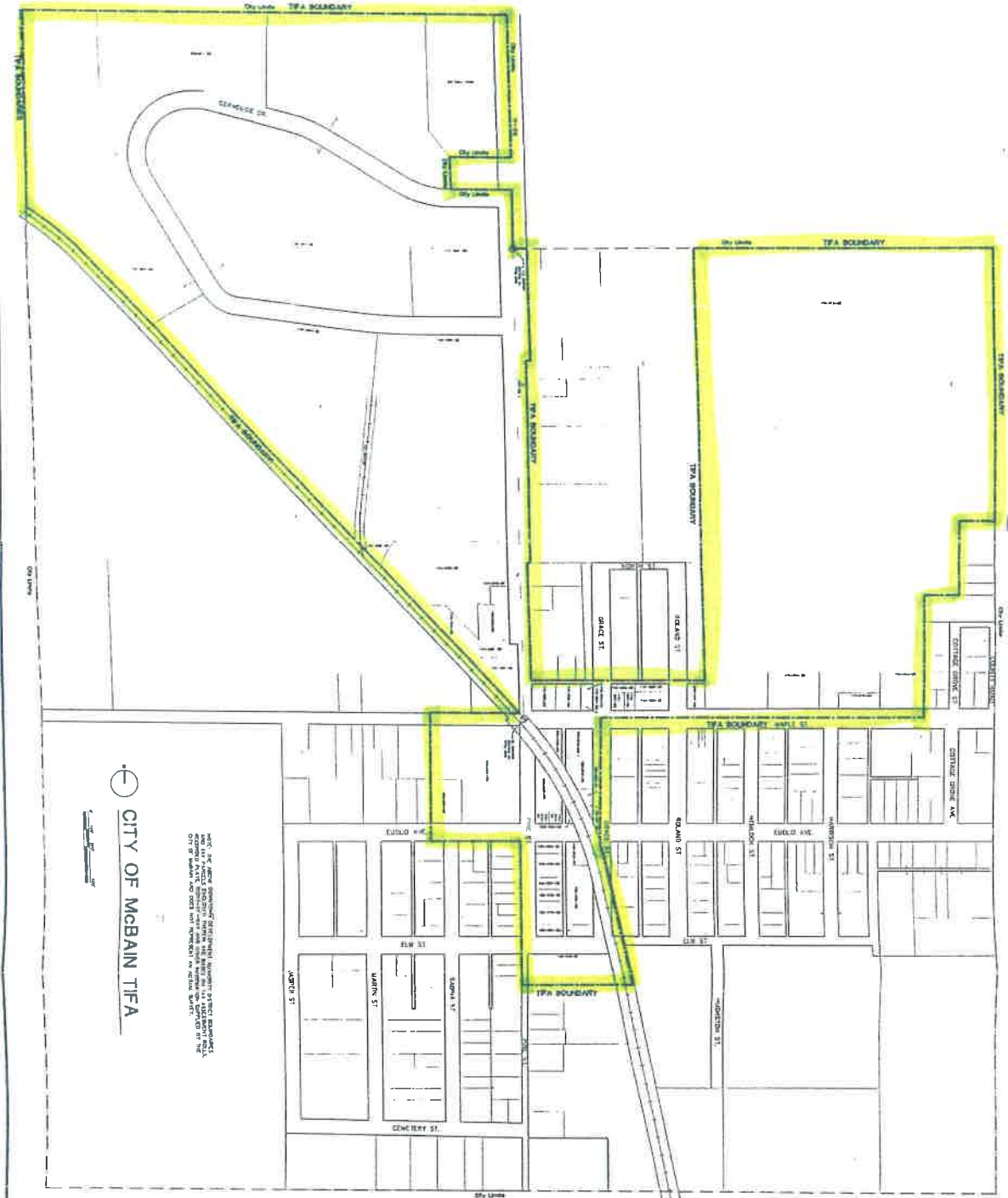
#9049339v4

MAP A

DEVELOPMENT AREA BOUNDARIES
(Same as the TIFA District)

See Attached.

MAP A



CITY OF MCBAIN TIFA

NOTE: THE ABOVE REPRESENTS THE PROPOSED BOUNDARY OF THE TIFA. THE CITY OF MCBAIN HAS THE RIGHT TO REVOKE OR MODIFY THE TIFA AT ANY TIME. THE CITY OF MCBAIN HAS THE RIGHT TO REVOKE OR MODIFY THE TIFA AT ANY TIME.

<p>A</p>	<p>PROGRESSIVE</p>	<p>TAX INCREMENT FINANCE AUTHORITY CITY OF MCBAIN, MISSOURI COUNTY, MISSOURI</p>	<p>TIFA BOUNDARIES</p>	<p>Progressive 2915 Feltz Avenue, St. Louis, MO 63116 314-533-1000 314-533-1001 CITY OF MCBAIN 200 S. MAIN STREET MCBAIN, MISSOURI 64451</p>
-----------------	---------------------------	---------------------------------------------------------------------------------------------	-------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------

MAP B

CITY OF MCBAIN ZONING MAP

See Attached.

MAP B

ZONING MAP FOR TIFA

THIS IS TO CERTIFY THAT THIS IS THE OFFICIAL
ZONING MAP REFERRED TO IN THE CITY OF MILWAUKEE
ZONING ORDINANCE OF 1991.

Charles Hestness 12-7-91
CHARLES HESTNESS, PLANNING COMMISSION CHAIR DATE

EFFECTIVE DATE: DEC. 3, 1997

WUOLAH

Progressive
Products Engineers Forum
200 Fuller Avenue, N.E.
Atlanta, Georgia 30329
404 525-1000 404 525-1000

MAP C

PROPOSED IMPROVEMENTS UNDER PLAN

See Attached.

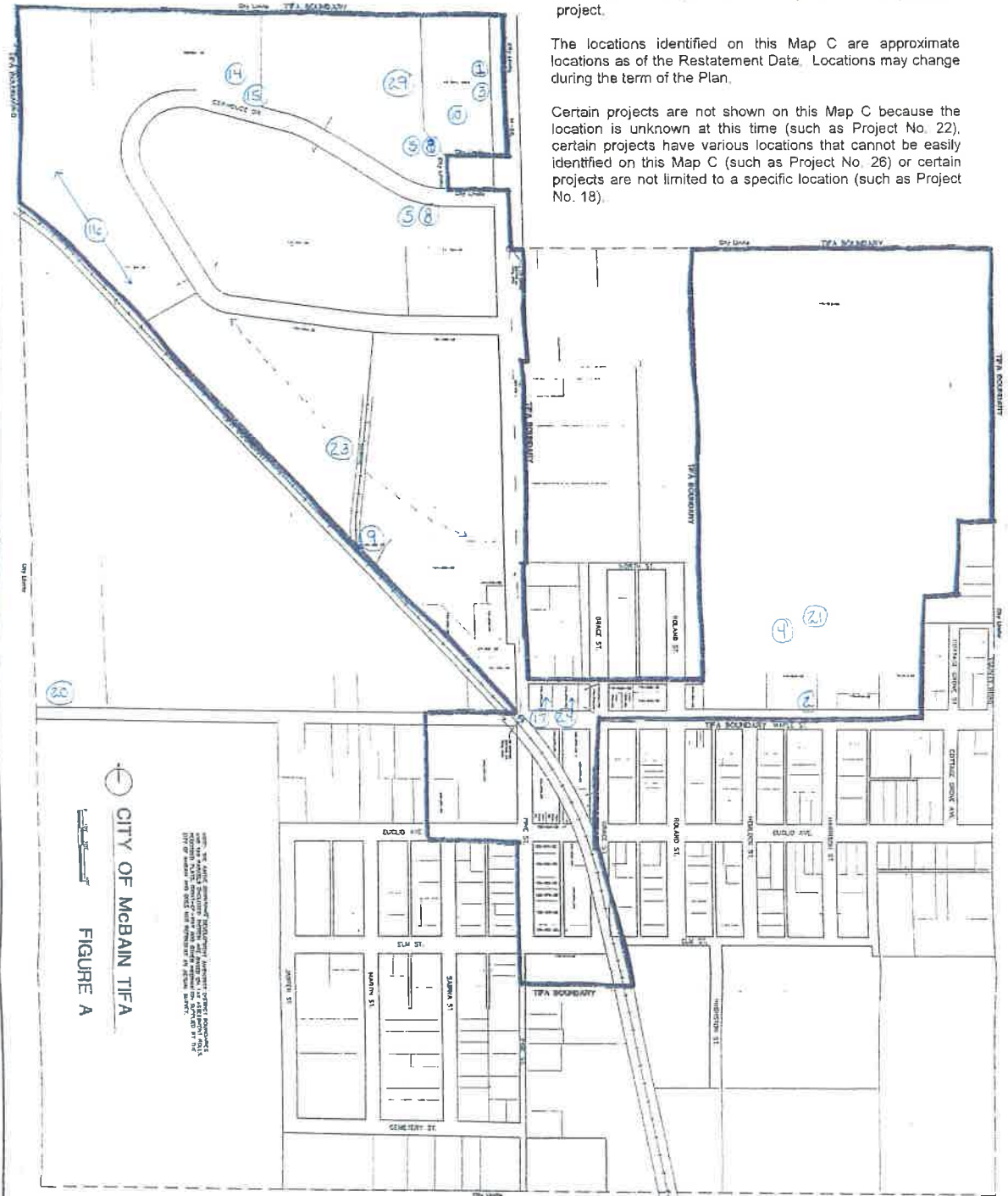
MAP C

Proposed Projects

Key - The numbers on this Map C match the numbers for the proposed projects listed in Section II.C. of the Plan. Please refer to Section II.C. for a description of each proposed project.

The locations identified on this Map C are approximate locations as of the Restatement Date. Locations may change during the term of the Plan.

Certain projects are not shown on this Map C because the location is unknown at this time (such as Project No. 22), certain projects have various locations that cannot be easily identified on this Map C (such as Project No. 26) or certain projects are not limited to a specific location (such as Project No. 18).



CITY OF MCBAIN TIFA
FIGURE A

NOTE: THE ABOVE SHOWN PROPOSED PROJECTS ARE NOT GUARANTEED TO BE COMPLETED. THE CITY OF MCBAIN WILL BE RESPONSIBLE FOR THE COMPLETION OF THE PROJECTS.

APPENDIX A

Location, Character and Extent of Land Uses

Owner's Name	Parcel No.		Zone
D & L MANAGEMENT	052-100-005-00	C-1	Commercial
MCBAIN GRAIN CO	052-100-005-80	C-1	Commercial
D & L MANAGEMENT	052-100-006-00	C-1	Commercial
MCBAIN GRAIN CO	052-100-017-00	C-1	Commercial
MCBAIN GRAIN COMPANY	052-100-017-95	C-1	Commercial
FALMOUTH CO-OP	052-100-018-00	C-1	Commercial
MCBAIN GRAIN CO	052-100-032-00	C-1	Commercial
MCBAIN GRAIN CO	052-100-041-00	C-1	Commercial
BEKKEN EDWARD	052-100-043-00	C-1	Commercial
LUTKE, KAREN J.	052-100-043-50	C-1	Commercial
MORTON MARY	052-100-053-00	R-2	Residential
HILLER EVA	052-100-054-00	R-2	Residential
HILLER EVA	052-100-056-00	R-2	Residential
DYKHOUSE CLARK & PAULA	052-100-065-00	R-2	Residential
WESTDORP GORDON J & NANCY L	052-100-066-00	R-2	Residential
TAYLOR PEARL ETAL LE	052-100-067-00	R-2	Residential
GILDE, FRANCIS ANDREW	052-100-078-00	R-2	Residential
DYKHOUSE CLARK D	052-100-079-00	R-2	Residential
OWINGA JAMES	052-100-091-00	R-2	Residential
JENKINS OIL COMPANY	052-119-002-00	C-2	Commercial
D&L MANAGEMENT	052-119-003-00	C-2	Commercial
MCBAIN GRAIN CO	052-119-004-00	C-2	Commercial
D&L MANAGEMENT	052-119-004-50	C-2	Commercial
D & L MANAGEMENT LLC	052-119-005-00	C-1	Commercial
ELLENS SIETSE JR	052-119-006-00	C-1	Commercial
D & L MANAGEMENT	052-119-007-00	C-1	Commercial
D & L MANAGEMENT	052-119-008-00	C-1	Commercial
D & L MANAGEMENT	052-119-009-00	C-1	Commercial
MCBAIN RURAL AGR'L SCHOOL	052-119-010-00	R-2	Residential
MCBAIN RURAL AGR'L SCHOOL	052-119-013-00	R-2	Residential
CITY OF MC BAIN	052-119-014-00	R-2	Residential
HEUKER PROPERTIES LLC	052-119-018-00	C-1	Commercial
PTV INVESTMENTS LLC	052-124-001-00	C-2	Commercial
BURKHOLDER KEITH	052-124-002-00	C-2	Commercial
FALMOUTH CO-OP CO	052-124-003-00	C-2	Commercial
CITY OF MC BAIN	052-124-004-00	I-1	Industrial
HYDROLAKE LEASING & SERVICE CO	052-124-004-05	I-1	Industrial
BIEWER SAWMILL INC	052-124-004-35	I-1	Industrial
CITY OF MC BAIN	052-124-004-60	I-1	Industrial
BIEWER SAWMILL INC	052-124-004-88	I-1	Industrial
CITY OF MCBAIN	052-124-004-90	I-1	Industrial
WESTDORP RUSSELL E & LINDA M	052-124-008-00	C-2	Commercial
GRAY CATHY A & HILYARD LAURIE	052-124-008-50	C-2	Commercial
PINE COURT MOBILE HOME VILLAGE	052-124-009-00	C-2	Commercial
HYDROLAKE LEASING & SERVICES	052-124-009-50	I-1	Industrial
CITY OF MC BAIN	052-124-009-95	I-1	Industrial
CONSUMERS ENERGY COMPANY	052-124-010-00	I-1	Industrial
CITY OF MC BAIN	052-124-011-00	I-1	Industrial
VIKING ENERGY OF MC BAIN, LTD	052-124-011-90	I-1	Industrial

Owner's Name	Parcel No.		Zone
CITY OF MC BAIN	052-130-010-00	R-2	Residential
CITY OF MCBAIN TIFA	052-400-001-00	I-1	Industrial
CITY OF MC BAIN	052-400-002-00	I-1	Industrial
MCBAIN TIFA	052-400-003-00	I-1	Industrial
ELING JEREMY & JAMIE	052-400-004-00	I-1	Industrial
JENEMA TERRY & SALLY	052-400-005-00	I-1	Industrial
CITY OF MC BAIN	052-400-006-00	I-1	Industrial
BROWN PROPERTIES, LLC	052-400-007-00	I-1	Industrial
CITY OF MCBAIN TIF	052-400-010-00	I-1	Industrial
BIEWER SAWMILL INC	052-400-010-80	I-1	Industrial
ROGER AND ETHEL BAZUIN	052-400-011-00	I-1	Industrial
CITY OF MC BAIN	052-400-012-00	I-1	Industrial
VIKING ENERGY OF MCBAIN INC	052-400-013-00	I-1	Industrial
HERITAGE STONEY COR WIND FARM	052-400-014-00	I-1	Industrial
FALMOUTH COOPERATIVE CO	052-460-001-00	C-2	Commercial
EASTWAY XAVIER	052-460-001-60	R-2	Residential
MCBAIN SCHOOL	052-600-041-00	R-2	Residential
AMY REID	052-890-002-00	C-2	Commercial
YAGER, DARWIN & JACKIE	052-890-003-00	C-2	Commercial
EDGEComb, DAVID & FRIEDA	052-890-005-00	C-2	Commercial
HUDSON SCOTT	052-890-006-00	C-2	Commercial
DAVIS LAVONE	052-890-009-00	C-2	Commercial
POLLINGTON LYLE	052-890-010-00	C-2	Commercial
CONSUMERS ENERGY COMPANY	052-900-002-44	N/A	N/A
ELLEN'S FARM EQUIPMENT	052-900-004-00	N/A	N/A
FALMOUTH CO-OP CO	052-900-005-00	N/A	N/A
MCBAIN GRAIN CO	052-900-012-00	N/A	N/A
JENKINS OIL COMPANY	052-900-048-00	N/A	N/A
HYDROLAKE LEASING & SERVICE	052-900-054-00	N/A	N/A
BIEWER SAWMILL INC	052-900-055-00	N/A	N/A
VIKING ENERGY OF MCBAIN	052-900-070-00	N/A	N/A
MCBAIN COLLISION & REPAIR LLC	052-900-106-00	N/A	N/A
HERITAGE STONEY CORNERS WIND F	052-900-173-00	N/A	N/A
NORTHERN POWER SYSTEM	052-900-175-00	N/A	N/A
REPOWER U.S.A. CORP	052-900-176-00	N/A	N/A
WELLS FARGO FINANCIAL LEASING,	052-900-177-00	N/A	N/A
AMERIGAS EAGLE PROPANE LP	052-900-368-00	N/A	N/A
SAFTEY-KLEEN SYSTEMS INC	052-900-369-00	N/A	N/A
SUBWAY	052-900-371-00	N/A	N/A
BROWN DAIRY EQUIPMENT	052-900-373-00	N/A	N/A
ELING JEREMY	052-900-380-00	N/A	N/A
GREAT AMERICA FINANCIAL SER CO	052-900-381-00	N/A	N/A
GE CAPITAL INFORMATION	052-900-386-00	N/A	N/A
BURKHOLDER FAMILY FUNERAL HOME	052-900-388-00	N/A	N/A
BIEWER SAWMILL INC	052-980-027-00	N/A	N/A
BIEWER SAWMILL INC	052-980-028-00	N/A	N/A
BIEWER SAWMILL INC	052-980-029-00	N/A	N/A
BIEWER SAWMILL INC	052-980-030-00	N/A	N/A

APPENDIX B

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF MCBAIN

SCHEDULE OF ESTIMATED TAX INCREMENT REVENUES AND PROJECTED IMPACT ON TAXING JURISDICTIONS

TAXING UNIT: CITY OF MCBAIN

Fiscal Year Ending June 30	Current Taxable Value [1]	Initial Assessed Value	Captured Assessed Value	City Tax Rate [2]	City Tax Increment Revenues [3]
2015	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2016	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2017	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2018	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2019	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2020	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2021	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2022	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2023	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2024	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2025	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0128501	\$150,741.37
2026	\$12,565,246.38	\$710,083.00	\$11,855,163.38	0.0128501	\$152,340.03
2027	\$12,690,898.84	\$710,083.00	\$11,980,815.84	0.0128501	\$153,954.68
2028	\$12,817,807.83	\$710,083.00	\$12,107,724.83	0.0128501	\$155,585.47
2029	\$12,945,985.91	\$710,083.00	\$12,235,902.91	0.0128501	\$157,232.58
2030	\$13,075,445.77	\$710,083.00	\$12,365,362.77	0.0128501	\$158,896.15
2031	\$13,206,200.23	\$710,083.00	\$12,496,117.23	0.0128501	\$160,576.36
2032	\$13,338,262.23	\$710,083.00	\$12,628,179.23	0.0128501	\$162,273.37
2033	\$13,471,644.85	\$710,083.00	\$12,761,561.85	0.0128501	\$163,987.35
2034	\$13,606,361.30	\$710,083.00	\$12,896,278.30	0.0128501	\$165,718.47
2035	\$13,742,424.91	\$710,083.00	\$13,032,341.91	0.0128501	\$167,466.90
2036	\$13,879,849.16	\$710,083.00	\$13,169,766.16	0.0128501	\$169,232.81
2037	\$14,018,647.65	\$710,083.00	\$13,308,564.65	0.0128501	\$171,016.39
2038	\$14,158,834.13	\$710,083.00	\$13,448,751.13	0.0128501	\$172,817.80
2039	\$14,300,422.47	\$710,083.00	\$13,590,339.47	0.0128501	\$174,637.22
2040	\$14,443,426.70	\$710,083.00	\$13,733,343.70	0.0128501	\$176,474.84
TOTAL					\$4,120,365.53

[1] Current taxable value is based on actual taxable values for 2014, no change in 2015 through 2025, and an assumed growth rate of 1% a year thereafter. This amount currently includes IFT property at its full taxable value and, therefore, overstates the capture. The Plan ends on May 31, 2040, after collection of the December 2039 tax levy.

[2] The City levied 12.8501 mills (0.0128501) in 2014. The tax levy is assumed to stay the same after 2014.

[3] Actual tax increment revenues may vary due to changes in taxable values, tax abatements under Act 198 and the addition or removal of personal property. This schedule does not take into account changes in the law related to taxation of personal property.

#9120141(City)

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF MCBAIN

SCHEDULE OF ESTIMATED TAX INCREMENT REVENUES AND
PROJECTED IMPACT ON TAXING JURISDICTIONS

TAXING UNIT: MISSAUKEE COUNTY

Fiscal Year Ending June 30	Current Taxable Value [1]	Initial Assessed Value	Captured Assessed Value	County Tax Rate [2]	County Tax Increment Revenues [3]
2015	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2016	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2017	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2018	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2019	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2020	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2021	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2022	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2023	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2024	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2025	\$12,440,838.00	\$710,083.00	\$11,730,755.00	0.0071505	\$83,880.76
2026	\$12,565,246.38	\$710,083.00	\$11,855,163.38	0.0071505	\$84,770.35
2027	\$12,690,898.84	\$710,083.00	\$11,980,815.84	0.0071505	\$85,668.82
2028	\$12,817,807.83	\$710,083.00	\$12,107,724.83	0.0071505	\$86,576.29
2029	\$12,945,985.91	\$710,083.00	\$12,235,902.91	0.0071505	\$87,492.82
2030	\$13,075,445.77	\$710,083.00	\$12,365,362.77	0.0071505	\$88,418.53
2031	\$13,206,200.23	\$710,083.00	\$12,496,117.23	0.0071505	\$89,353.49
2032	\$13,338,262.23	\$710,083.00	\$12,628,179.23	0.0071505	\$90,297.80
2033	\$13,471,644.85	\$710,083.00	\$12,761,561.85	0.0071505	\$91,251.55
2034	\$13,606,361.30	\$710,083.00	\$12,896,278.30	0.0071505	\$92,214.84
2035	\$13,742,424.91	\$710,083.00	\$13,032,341.91	0.0071505	\$93,187.76
2036	\$13,879,849.16	\$710,083.00	\$13,169,766.16	0.0071505	\$94,170.41
2037	\$14,018,647.65	\$710,083.00	\$13,308,564.65	0.0071505	\$95,162.89
2038	\$14,158,834.13	\$710,083.00	\$13,448,751.13	0.0071505	\$96,165.29
2039	\$14,300,422.47	\$710,083.00	\$13,590,339.47	0.0071505	\$97,177.72
2040	\$14,443,426.70	\$710,083.00	\$13,733,343.70	0.0071505	\$98,200.27
TOTAL					\$2,292,797.23

[1] Current taxable value is based on actual taxable values for 2014, no change in 2015 through 2025, and an assumed growth rate of 1% a year thereafter. This amount currently includes IFT property at its full taxable value and, therefore, overstates the capture. The Plan ends on May 31, 2040, after collection of the December 2039 tax levy.

[2] The County is expected to levy 7.1505 mills (0.0071505) in 2014, consisting of 4.9005 County allocated mills, 0.5 mills for ambulance and 911 services, 1.25 mills for public safety/sherrif and 0.5 mills for senior services. The tax levy is assumed to stay the same after 2014.

[3] Actual tax increment revenues may vary due changes in taxable values, to tax abatements under Act 198 and the addition or removal of personal property. This schedule does not take into account changes in the law related to taxation of personal property.

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF MCBAIN

SCHEDULE OF ESTIMATED TAX INCREMENT REVENUES AND
PROJECTED IMPACT ON TAXING JURISDICTIONS [1]

Fiscal Year Ending June 30	City Tax Increment Revenues [2]	County Tax Increment Revenues [3]	Total Tax Increment Revenues [4]	Cumulative Total
2015	\$150,741.37	\$83,880.76	\$234,622.14	\$234,622.14
2016	\$150,741.37	\$83,880.76	\$234,622.14	\$469,244.28
2017	\$150,741.37	\$83,880.76	\$234,622.14	\$703,866.42
2018	\$150,741.37	\$83,880.76	\$234,622.14	\$938,488.55
2019	\$150,741.37	\$83,880.76	\$234,622.14	\$1,173,110.69
2020	\$150,741.37	\$83,880.76	\$234,622.14	\$1,407,732.83
2021	\$150,741.37	\$83,880.76	\$234,622.14	\$1,642,354.97
2022	\$150,741.37	\$83,880.76	\$234,622.14	\$1,876,977.11
2023	\$150,741.37	\$83,880.76	\$234,622.14	\$2,111,599.25
2024	\$150,741.37	\$83,880.76	\$234,622.14	\$2,346,221.38
2025	\$150,741.37	\$83,880.76	\$234,622.14	\$2,580,843.52
2026	\$152,340.03	\$84,770.35	\$237,110.38	\$2,817,953.90
2027	\$153,954.68	\$85,668.82	\$239,623.51	\$3,057,577.41
2028	\$155,585.47	\$86,576.29	\$242,161.76	\$3,299,739.17
2029	\$157,232.58	\$87,492.82	\$244,725.40	\$3,544,464.57
2030	\$158,896.15	\$88,418.53	\$247,314.67	\$3,791,779.24
2031	\$160,576.36	\$89,353.49	\$249,929.84	\$4,041,709.09
2032	\$162,273.37	\$90,297.80	\$252,571.16	\$4,294,280.25
2033	\$163,987.35	\$91,251.55	\$255,238.89	\$4,549,519.14
2034	\$165,718.47	\$92,214.84	\$257,933.30	\$4,807,452.45
2035	\$167,466.90	\$93,187.76	\$260,654.66	\$5,068,107.10
2036	\$169,232.81	\$94,170.41	\$263,403.23	\$5,331,510.33
2037	\$171,016.39	\$95,162.89	\$266,179.28	\$5,597,689.61
2038	\$172,817.80	\$96,165.29	\$268,983.09	\$5,866,672.70
2039	\$174,637.22	\$97,177.72	\$271,814.94	\$6,138,487.64
2040	\$176,474.84	\$98,200.27	\$274,675.11	\$6,413,162.76
TOTAL	\$4,120,365.53	\$2,292,797.23	\$6,413,162.76	

- [1] Current taxable value is based on actual taxable values for 2014, no change in 2015 through 2025, and an assumed growth rate of 1% a year thereafter. This amount currently includes IFT property at its full taxable value and, therefore, overstates the capture. The Plan ends on May 31, 2040, after collection of the December 2039 tax levy.
- [2] The City levied 12.8501 mills (0.0128501) in 2014. The tax levy is assumed to stay the same after 2014.
- [3] The County is expected to levy 7.1505 mills (0.0071505) in 2014, consisting of 4.9005 County allocated mills, 0.5 mills for ambulance and 911 services, 1.25 mills for public safety/sherrif and 0.5 milss for senior services. The tax levy is assumed to stay the same after 2014.
- [4] Actual tax increment revenues may vary due to changes in taxable values, tax abatements under Act 198 and the addition or removal of personal property. This schedule does not take into account changes in the law related to taxation of personal property.