

**2017 Amendments  
To Development Plan and  
Tax Increment Financing Plan**

**City of Troy  
Downtown Development Authority**

## **BACKGROUND AND PURPOSE**

### **A. Purpose of the Downtown Development Authority Act**

Act 197 of Public Acts of 1975, as amended (MCL 125.1651 et. Seq.), of the State of Michigan, commonly referred to as the Downtown Development Authority Act ("Act 197") authorizes the establishment of a downtown development authority and was created in part to correct and prevent deterioration of business districts; to promote economic growth and revitalization; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the levy and collection of taxes; the issuance of bonds and the use of tax increment financing to finance downtown development contained in locally adopted development plans.

Act 197 seeks to attack problems of urban decline, strengthen existing areas and encourage new private developments in Michigan's downtown communities. It seeks to accomplish this goal by providing these communities with the necessary legal, monetary and organizational tools to revitalize downtown districts either through publicly initiated projects or in concert with private developments. The method chosen by downtown development authorities to make use of these tools depends on the problems and opportunities facing the district and the development priorities established by the community for the revitalization of the business area.

### **B. Creation of the Troy Downtown Development Authority**

In July of 1993, the Troy City Council adopted Ordinance 78, which created the Troy Downtown Development Authority (the "DDA"). The DDA was given all of the powers and duties prescribed for a Downtown Development Authority pursuant to the Act.

### **C. Basis for the Tax Increment Plan and Development Plan**

Act 197 provides the legal mechanism for local officials to address the need for economic development in the business district. In Troy, the Downtown District of the DDA can be generally described as the commercial area along Big Beaver Road from Rochester Road on the east to Newport Court on the west, (the "Downtown District"). The Development Area was subsequently established as coterminous with the boundaries of the Downtown District. A development plan and a tax increment-financing plan were adopted for the purpose of implementing specific development programs and/or projects in the Development Area.

For purposes of financing activities of a downtown development authority within a downtown district, Act 197 provides for establishment of a Tax Increment Plan. By definition, a Tax Increment Financing Plan seeks to capitalize on and make use of the increased tax base created by economic development within the boundaries of a Downtown district. The tax increment financing plan is required to include a development plan that sets forth the improvements and projects to be financed by the tax increment financing plan.

**D. The Current TDDA Development Plan and the TDDA Tax Increment Financing Plan**

The Development Plan (the “Development Plan”) and the Tax Increment Financing Plan (the “Tax Increment Financing Plan” and together with the Development Plan, the “Plan”) of the DDA were initially approved and adopted by the Troy City Council on December 13, 1993. The Development Plan included Development Plan #1, which provided for reconstruction and improvements to Big Beaver Road and a public parking deck. The Tax Increment Financing Plan provided for capture and use by the DDA of all tax increment revenues generated from the captured assessed value of all taxable real and personal property within the Development Area for purposes of the Development Plan.

The Plan was subsequently amended on six different occasions.

An amendment to the Development Plan was approved and adopted by the City on September 28, 1998 (referred to for purposes hereof as “Development Plan #2”). Development Plan #2 incorporated the area north of Cunningham Road for purposes of the construction of a data center for K-Mart and the proposed civic center site at Big Beaver and I-75.

Development Plan #2 expressly incorporated and restated the Tax Increment Financing Plan previously adopted by the DDA to finance development programs and projects within the Downtown District.

This second amendment to the Development Plan (referred to for purposes hereof as “Development Plan #3”), expressly incorporated and restated the development programs and projects described in Development Plan #1 and Development Plan #2 and described two additional major road projects including the widening of Big Beaver Road between I-75 and Rochester Road and from I-75 to the northern DDA boundary deemed necessary by the DDA for the future economic vitality of the District, and with respect thereto, set forth the plans for development and financing of said projects as required under Act 197. Development Plan #3 was structured to provide the DDA with the continued ability to utilize tax increment financing to address the needs of the Development Area.

Development Plan #4 was the third amendment to the Development Plan and incorporated the project known as “Troy Place Improvement Project.” This project provided the local match required for a local company to receive financial incentives from the State of Michigan in order to retain its headquarters in the City of Troy and the State of Michigan.

Development Plan #5 was the fourth amendment to the Development Plan and incorporated the project known as “Sheffield Plaza Building #2 Improvement Project.” This project provided the local match required for a local company to receive financial incentives from the State of Michigan in order to retain its headquarters in the State of Michigan.

Development Plan #6 was the fifth amendment to the Development Plan and incorporated the projects known as the “Big Beaver Corridor Study Implementation Plan,” which include a local match for a local company to receive financial incentives from the State of Michigan, I-75 interchange improvements, improvements to the Big Beaver Corridor, park improvements and property acquisition. Further, the existing Tax Increment Financing Plan adopted and approved at the time of adoption of Development Plan #1, Development Plan #2, Development Plan #3, Development Plan #4, and Development Plan #5 was retained and modified to include the new development consistent with state law.

2013 Plan Amendments was the sixth amendment to the Development Plan and which was to finance part of the cost of the Development Plan, the DDA issued three separate bond issues in 2001, 2002 and 2003 (the “DDA Bonds”). The proceeds of the DDA Bonds were used as follows: in 2001, to finance the cost of roadway and streetscape

improvements to Big Beaver Road and to refinance a portion of the cost of the parking garage adjacent to Somerset North; in 2002, to finance a portion of the cost of constructing the Troy Community Center; and in 2003, to finance a portion of the cost of constructing the Troy Community Center. Each of the DDA Bond issues was secured solely from the tax increment revenues to be derived from the properties in the Development Area. There was no pledge of the full faith and credit of the City of Troy as additional security for the bonds. The bonds were able to be issued by the DDA without a pledge of the full faith and credit of the City because of the then perceived strength of the taxable values of the Development Area and the projected ability of the properties in the Development Area to generate sufficient tax increment revenues to pay the debt service on the DDA Bonds.

Due to an unanticipated and dramatic decline in the taxable values in portions of the Development Area, the amount of tax increment revenues captured in the Plan declined significantly. As a result, the DDA used bond reserves and an advance from the City to avoid a default on the DDA Bonds during the fiscal year beginning July 1, 2013. Furthermore, it was projected that there will be no capture of tax increment revenues during the fiscal year beginning July 1, 2014, thus creating the likelihood that the DDA will default on the DDA Bonds.

The 2013 amendments to the Plan enabled the DDA to avoid a default on the DDA Bonds and provided for (i) revision of the Development Area for the Plan by removing therefrom certain specified properties, with the result that the DDA is able to capture sufficient tax increments to pay the principal of and interest on the "City Bonds", (ii) extension of the existence of the Plan to December, 2033, and (iii) the issuance of general obligation bonds by the City (the "City Bonds") to finance a portion of the cost of the Plan and in connection therewith refunded the outstanding DDA Bonds. The tax increment revenues received by the DDA pursuant to the 2013 amendments to the Plan is the first source of payment of the "City Bonds" and the limited tax full faith and credit pledge of the City will be the secondary security for the City.

#### **E. Reasons for Proposed Plan Amendments**

The 2013 Plan Amendments to the Development Plan (the Sixth Amendment) was in response to the unanticipated and dramatic decline in the taxable value in portions of the Development Area. This amended the Tax Increment Financing Plan and limited tax increment revenues captured for payment of the principal and interest on the "City Bonds". To the extent that there are surplus tax increment revenues in any fiscal year after payment of the principal and interest on the "City Bonds", such surplus may be used only for maintenance of the public facilities in the Downtown District and administrative costs of the DDA, consistent with the Development Plan and Tax Increment Financing Plan. The 2013 Plan Amendment is working, and the tax increment revenues are sufficient to service the "City Bonds" in addition to providing for maintenance and administrative costs.

##### Marketing Expenditures

Since the adoption of the 2013 Plan Amendments, financial stability of the DDA was accomplished. It is now proposed to allow surplus funds after servicing the "City Bonds", be used for modest marketing expenditures, in addition to maintenance and administrative costs. These marketing expenditures would enable the DDA to help maintain a positive image of the DDA District and maintain a competitive edge over competing communities in Southeast Michigan.

##### Troy DDA Quality Development Initiative (QDI)

To further the Troy DDA's mission, the QDI is being proposed. Today's successful downtown districts include a mix of land uses, density, open space, multi-modal transportation options (including non-motorized transportation means), vibrant streetscapes with pedestrian activity, high quality development and amenities, natural

features, art and culture. Troy's Big Beaver Corridor Study of 2006, Master Plan of 2008 with subsequent update and Zoning Ordinance of 2011 have all had a positive impact on today's Downtown District by encouraging key elements that go into a successful downtown. The QDI would provide an additional DDA tool used to further encourage the development of the key components that make up successful downtown environments.

Parking structures and storm water detention/retention facilities for mixed use developments are often difficult to finance or may not necessarily achieve the quality, scale and scope desired by the DDA. The QDI would encourage mixed use projects that require parking structures and other public improvements such as storm water detention/retention facilities.

The QDI proposes utilizing 60% of the annual tax increment increase of the target property to be used for public facilities and enhancement. The funds may be used to financially assist a developer on an annual basis for a portion of the cost of needed public improvements. The DDA shall have the flexibility to adjust the amount of the annual assistance, not to exceed 60% of new investment and its additional tax capture. The annual financial assistance shall not extend beyond the life of the DDA in 2033.

#### QDI Standards

In determining eligibility for QDI assistance, a proposed project shall meet the following standards:

1. The project has a public use and public benefit.
2. The project shall have a privately owned public facility.
3. The project is consistent with the City of Troy Master Plan.
4. The project is consistent with the vision set forth by the Big Beaver Corridor Study.
5. The project shall contain mixed use development.
6. The total QDI assistance payments shall not be greater than 60% of the cost to construct the privately owned public facility.
7. The QDI assistance shall be generated from the projects new DDA capture and shall not exceed 60% of the new DDA tax capture from the new investment.
8. The project shall feature a parking facility or facilities (structure or underground). A minimum of 50% of the project site's total parking requirements must be accommodated by the proposed parking facility or facilities.
9. Parking structure projects shall achieve high quality design standards and be constructed with high quality materials.
10. Project shall successfully go through any review and permit processes required by the City of Troy.
11. Storm water detention projects, along with sanitary sewers, storm sewers, water mains, detention basins, grading and rear yard drainage, paving, soil erosion and sedimentation control, site improvement plans and sidewalks shall generally follow best management practices. Practices may not apply to all conditions, and alternate solutions may be permitted as approved by the City Engineer.

The QDI Standards as herein presented are intended to provide a sound, reasonable basis for the design and implementation of potential projects. They are not intended as a substitute for sound planning and engineering judgment. These standards incorporate the City of Troy Standard Details and the City of Troy Specifications.

## **2017 PLAN AMENDMENTS**

### **I. AMENDMENTS TO THE DEVELOPMENT PLAN**

The following sections of the Development Plan are amended to read as follows:

**1. DESIGNATION OF BOUNDARIES OF THE DEVELOPMENT AREA AND NEW PROJECTS**

The Development Area is located within the jurisdictional limits of the City of Troy and the Downtown District is not coterminous with the Development Area in that some properties were removed from the Development Area in the 2013 Plan Amendments. The Development Area is shown on Exhibit #1.

**3. LOCATION AND EXTENT OF PROPOSED PUBLIC AND PRIVATE LAND USES**

When the Troy City Council created the Troy Downtown Development District and Authority, it was envisioned that the Authority would use an integration of public and private land uses as a means of enhancing, strengthening, and expanding the economic base of the DDA District.

- To provide financial support for strategically placed publicly accessed area improvements to private facilities as permitted in MCL 125.1657(i), through the QDI Program.

**5. EXISTING IMPROVEMENTS IN THE DEVELOPMENT AREA TO BE DEMOLISHED, REPAIRED OR ALTERED AND TIME REQUIRED FOR COMPLETION**

The proposed work program for the proposed 2017 Amendment incorporates the QDI Program that provides financial support for publically accessed area improvements to private facilities.

**6. THE LOCATION, EXTENT, CHARACTER AND ESTIMATED COST OF IMPROVEMENTS INCLUDING REHABILITATION FOR THE DEVELOPMENT AREA**

The QDI Program may be utilized by property owners in the Development Area to financially assist funding public facilities in promoting high quality mixed use projects.

**7. STATEMENT OF THE CONSTRUCTION OR STAGES OF CONSTRUCTION PLANNED, AND THE ESTIMATED TIME OF COMPLETION**

Generally, implementation will commence in summer 2017. It is expected that the work on the Development Plan will continue through the duration of the Authority, which is enabled through the collection of taxes levied through December of 2033.

**10. DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS AND UTILITIES**

The QDI Program could assist property owners in funding strategically placed publicly accessed area improvements to private facilities.

**11. ESTIMATE OF THE COST OF THE DEVELOPMENT, PROPOSED METHOD OF FINANCING AND ABILITY OF THE AUTHORITY TO ARRANGE THE FINANCING**

Financing for the project would be provided through funds generated by the Tax Increment Financing Plan induced by annual increases in property valuations from new construction within the Downtown District.

**12. DESIGNATION OF 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**

The QDI Program will provide financial support for strategically placed publicly accessed area improvements to private facilities. These improvements will immediately benefit the private property owner and/or tenant, but will also benefit the public, surrounding businesses and neighbors by aiding in the economic growth of the Downtown District.

**14. ESTIMATE OF THE NUMBER OF PERSONS RESIDING IN THE DEVELOPMENT AREA AND THE NUMBER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED**

Proposed 2017 Plan Amendment does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families within the Development Area. As a result, a plan for compliance of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended need not be addressed. Should it become necessary to address relocation at some future date, the TDDA shall abide by requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

**15. PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE DEVELOPMENT AREA**

The proposed 2017 Plan Amendment does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families. As a result, a plan for compliance of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended need not be addressed. Should it become necessary to address relocation at some future date, the TDDA shall abide by requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

**16. 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**

The proposed 2017 Plan Amendment does not require the acquisition and clearance of occupied residential property or the displacement of individuals and families. As a result, a plan for compliance of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as amended need not be addressed. Should it become necessary to address relocation at some future date, the DDA shall abide by requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and Act 227 of Public Acts of 1972, as amended.

**17. PLAN FOR COMPLIANCE WITH THE FEDERAL UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970 AND ACT 227 OF THE PUBLIC ACTS OF 1972 AS AMENDED**

Act 227 of Public Acts of 1972, as amended, is an Act to provide financial assistance, advisory services and reimbursement of certain expenses to persons displaced from real property or deprived of certain rights in real property. This Act requires procedures and policies comparable to the federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. Since the proposed 2017 Plan Amendment does not require the acquisition of residential property and displacement of persons, a plan for compliance with Act 227 is not addressed.



## **TAX INCREMENT FINANCING PLAN NO. 6**

### **1. DEFINITIONS USED IN THIS PLAN**

- A. Captured Assessed Value** -- (CAV) means the amount in any one (1) year by which the current assessed value, as equalized, of the eligible property identified in the Tax Increment Financing Plan, including the current assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in Subdivision (c) exceeds the Initial Assessed Value. The State Tax Commission shall prescribe the method for calculating Captured Assessed Value.
- B. Initial Assessed Value** – (IAV) means the assessed value, as equalized, of the eligible property identified in the Tax Increment Financing Plan at the time the Resolution establishing the Tax Increment Financing Plan is approved as shown by the most recent assessment roll for which equalization has been completed at the time the Resolution is adopted. Property exempt from taxation at the time of the determination of the Initial Assessed Value shall be included as zero. Property for which a specific local tax is paid in lieu of property tax shall not be considered exempt from taxation. The Initial Assessed Value of property for which a specific local tax was paid in lieu of property tax shall be determined as provided in Subdivision (c).

“Assessed value” means one of the following:

1. For valuations made before January 1, 1996, the state equalized valuation as determined under the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.
  2. 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. Specific Local Taxes** – means a tax levied under Act 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, the Commercial Redevelopment Act, Act No. 255 of the Public Acts of 1978, being Section 207.651 to 207.668 of the Michigan Compiled Laws, the Enterprise Zone Act, Act No. 2424 of the Public Acts of 1985, being Sections 125.2101 to 125.2122 of the Michigan Compiled Laws, and the Technology Park Development Act, Act No. 285 of the Public Acts of 1984, being Sections 207.701 to 207.718 of the Michigan Compiled Laws. The Initial Assessed Value or Current Assessed Value of property subject to specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate.

### **2. PURPOSE OF THE TAX INCREMENT FINANCING PLAN**

If the Board determines that it is necessary for the achievement of the purposes of the Downtown Development Act, it shall prepare and submit a Tax Increment Financing Plan to the Governing Body, which shall contain the following:

The City of Troy’s Downtown Development Area wishes to avoid deterioration of its property values. In order to avoid property tax value deterioration and to continue to increase property tax valuations and facilitate the overall economic growth of its Business District, it is deemed to be beneficial and necessary to create and provide for the operation of a Downtown Development Authority in the city under the provisions of Act 197 Public Acts of Michigan, 1975 as amended (the “Act”).

The Authority has determined that a Tax Increment Financing Plan is necessary for the achievement of the purposes of the Act and it is authorized to prepare and submit said Plan to the Governing Body. The Tax Increment Financing Plan (the "Plan"), set forth herein shall include a Development Plan, a detailed explanation of the Tax Increment procedure, the maximum amount of bonded indebtedness to be incurred, the duration of the program, the impact of Tax Increment Financing on the assessed values of all taxing jurisdictions in which the Development Area is located and a statement of the portion of the Captured Assessed Value to be used by the Authority.

### **3. EXPLANATION OF THE TAX INCREMENT PROCEDURE**

The theory of Tax Increment Financing holds that investment is necessary and capital improvements in a designated area within a Municipality will result in greater property tax revenues from that area than would otherwise occur if no special development were undertaken. This section is intended to explain the Tax Increment procedure.

A. In order to provide a Downtown Development Authority with the means of financing development proposals, the Act affords the opportunity to undertake Tax Increment Financing or Development Programs. These programs must be identified in a Tax Increment Financing Plan, which has been approved by the Governing Body of a Municipality. Tax Increment Financing permits the Authority to capture incremental tax revenues attributable to increases in value of Real and Personal Property located within an approved Development area. The increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions or any other factors, which cause growth in value.

B. At the time the Resolution establishing a Tax Increment Financing Plan is approved, the sum of the most recently assessed values, as equalized, of those taxable properties located within the Development Area is established as the "Initial Assessed Value." Property exempt from taxation at the time of determination of the Initial Assessed Value is included as zero. In each subsequent year, the total Real and Personal Property within the District, including abated property on separate rolls is established as the "Current Assessed Value."

C. The amount by which the Total Assessed Value exceeds the IAV is the CAV. During the period in which a Tax Increment financing Plan is in effect, local taxing jurisdictions continue to receive ad valorem taxes based on the IAV. Property taxes paid on a predetermined portion of the CAV in years subsequent to the adoption of a Tax Increment Financing Plan, however, are payable to an Authority for the purposes established in the Tax Increment Financing Plan.

### **4. TAXING JURISDICTION AGREEMENTS**

Tax increment revenues for the Downtown Development authority result from the application of the general tax rates of the incorporated municipalities and all other political subdivisions, which levy taxes in the Development Area to the Captured Assessed Value. Since the Plan may provide for the use of all or part of the captured tax increment revenue, the Downtown Development authority may enter into agreements which any of the taxing units to share a portion of the revenue of the District.

The Authority intends to utilize all captured revenue from the District for projects identified under its Work Program for the duration of this Development Plan and TIF Plan.

## 5. PROPERTY VALUATIONS AND CAPTURED REVENUE

The property valuation on which incremental tax revenues will be captured is the difference between the Initial Assessed Valuation and the Captured Assessed Valuation. The purpose of this section is to set forth the Initial Assessed Valuation, the projected Captured Assessed Valuation and the anticipated increment revenues to be received by the Authority from the Local Taxing Jurisdictions including the City of Troy, the and any other authorities or special tax districts that may be eligible to levy property taxes within the boundaries of the Downtown Development authority, herein collectively referred to as the “Local Taxing Jurisdictions.”

- a) The Initial Assessed Valuation entails that previously established through Tax Increment Financing Plan #1. It is based on the 1993 State Equalized Valuations on Real and Personal Property on all non-exempt parcels within the Development Area. The Initial Assessed Valuation is detailed below:

Total Real Property	\$342,342,400
Total Personal Property	<u>\$ 86,936,130</u>
Initial Assessed Valuation	<u>\$429,278,530</u>

- b) The anticipated Captured Assessed Value is equivalent to the annual total assessed value within the Authority Boundaries less the Initial Assessed Value as described above. The CAV then becomes the basis for the property tax levy on which incremental taxes are collected. The CAV is projected based on a number of factors including historical growth patterns, recent construction trends, economic indicators and the impact of certain development projects anticipated to be undertaken by the Downtown Development Authority. For projection purposes, the inflationary growth factor applied to annual valuation is 1.0%.
- c) The Authority will receive that portion of the tax levy of all taxing jurisdictions paid each year on the Captured Assessed Value of the eligible property included in the Development Area). Provided the captured tax increment revenues are not directed back to the local taxing jurisdictions by agreement, the Authority may use the revenues for any legal purpose as is established under the Act. Millage specifically levied for the payment of principal of and interest on obligations approved by the Electors or obligations pledging the unlimited taxing power of the Local Governmental Unit shall be captured but reimbursed to the appropriate taxing jurisdictions.

For instance, if the tax rate is 60.00 mills per \$1,000 of assessed valuation, the tax increment will be 60.00 mills applied to the total Captured Assessed Valuation unless tax abatements have been granted to specific industries whereby the tax increment may be collected on a lower millage amount.

The City Treasurer will collect the general property taxes from property owners in the Downtown Area. After taxes are collected, the Treasurer will deduct that portion of the total tax that is captured assessed value of the Downtown Development Authority and distribute them to the authority to use for purposes outlined in the Development Plan.

A review of the 2001 millage rates for all Local Taxing Jurisdictions in the Development Area is as set forth in Table #1 TDDA – Tax Increment Revenue.

## **6. MAXIMUM INDEBTEDNESS**

Changes to Tax Increment Financing imposed through approval of Proposal A in March 1994 prohibit the use of such revenues for reimbursement of bond indebtedness in projects established after December 31, 1993. The state legislature amended Proposal A to allow for non-school revenues to be used by Downtown Development Authorities to issue bonds.

*Effective upon the retirement, redemption or other defeasance of all Outstanding Bonds*, the provisions of Section 14(2) of Plan #1 are amended to conform with the statutory provisions of Act 197, as amended, in effect at the time of the issuance of any future indebtedness of the City, the TDDA or both. The more restrictive provisions in Plan #1 or Plan #2 of the TDDA including, but not limited to, limitations set for the in Section 14(2) of Plan #1 on the percentage and/or amount of TDDA tax increment revenues that may be pledged and restrictions on the total aggregate amount of borrowing of the TDDA shall be of no further force and effect with respect to such future indebtedness.

## **7. USE OF CAPTURED REVENUES**

Revenues captured through this Tax Increment Finance Plan will be used to finance Work Program Activities outlined in Section 6 of the Development Plan. Captured revenues will be used to pay for costs associated with the operation of this Development Plan.

## **8. DURATION OF THE PROGRAM**

The duration of the Development Plan shall extend through the collection of taxes levied through December of 2033.

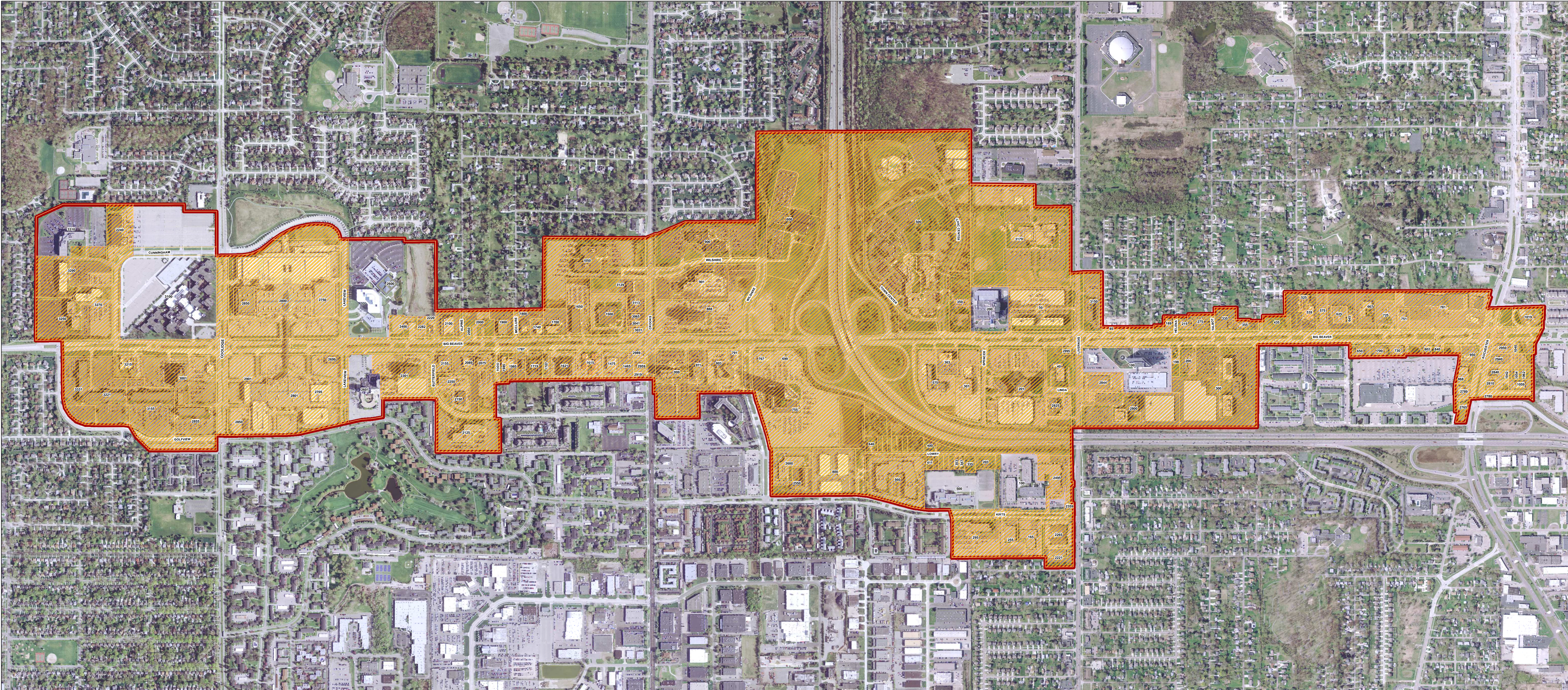
## **9. PLAN IMPACT ON LOCAL TAXING JURISDICTIONS**

The Authority recognizes that future development in the city's business district cannot be fully achieved in the absence of Tax Increment Financing. The authority also recognizes that enhancement of the value of nearby property will indirectly benefit all Local Governmental Units included in this Plan. It is expected that the effected Local Taxing Jurisdictions will experience some loss of property tax revenues during the first ten (10) years of the Plan and should realize increased property tax revenues thereafter as a result of Capital Improvements financed by the Plan. Such future benefits cannot be accurately quantified at this time.

## **10. RELEASE OF CAPTURED REVENUES**

When the Development and Financing Plans have been accomplished, the captured revenue shall be released and the Local Taxing Jurisdictions shall receive their revenue share due following the date of release.





- Legend
- Parcel
  - Development Area
  - DDA Boundary

Revised Development Area

