

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

Exhibit A

FRANKENMUTH DOWNTOWN
DEVELOPMENT AUTHORITY

CITY OF FRANKENMUTH

DEVELOPMENT PLAN

AND

TAX INCREMENT FINANCING PLAN

Recommended by the Frankenmuth
Downtown Development Authority
September 25, 2014

1 INTRODUCTION

2
3 The Frankenmuth Downtown Development Authority was created by City Ordinance on
4 November 1, 1983, and the original boundaries of the Downtown District (district) were
5 established at that time. The City of Frankenmuth established the Downtown Development
6 Authority in the best interests of the public to halt property value deterioration and increase
7 property valuation where possible now and in the future, to eliminate the causes of that
8 deterioration now or in the future and to promote economic growth.

9
10 Successful downtown development requires continued public and private investment,
11 partnerships to achieve community goals for the district and comprehensive management to
12 assure sustainability. As each private business must continue to invest in order to grow and
13 thrive, so must the public sector invest to provide the required infrastructure support for the
14 desirable critical density of uses. The quality of the Downtown District directly impacts the
15 residential and non-tourism elements of the municipality as well as its many components. The
16 taxing jurisdictions all benefit from increased property values outside of the downtown
17 development district that are a result of a strong local and regional economy comprised of many
18 businesses.

19
20 Frankenmuth’s primary industry is tourism. Over the past 45 years Frankenmuth has developed a
21 reputation as Michigan’s number one tourist destination based on its uniqueness and the
22 marketing efforts of local businesses. Tourism is as critical today as it was when the TIF District
23 was approved in 1992.

24
25 In 1996, the City of Frankenmuth adopted the Frankenmuth Hospitality Plan, a work strategy for
26 both public and private sectors to insure the continuing health and strength of the economic base
27 of Frankenmuth. Earlier work of the DDA focused on building the backbone to the plan by
28 enabling linkages between major destinations and improving the quality of the tourist
29 experience. Achievements through the public investment in streetscape have enabled the base
30 industry (tourism) to maintain its importance through its contributions (tax base, employment,
31 and quality of life) to the local community. Earlier investments in public improvements have

1 been funded through the use of a community wide millage levy, special assessments on
2 properties in the Downtown District and tax increment finance revenues.

3
4 However, a continued need for public/private partnerships remains to support Frankenmuth's
5 place in the highly competitive tourism market. In order to maximize the economic potential of
6 the district, goals to strengthen Frankenmuth as a premier Michigan visitor attraction include
7 extending the length of stay of visitors, increasing annual visitor capacity, becoming the premier
8 small convention location of Michigan, and enhancing the image and heritage as "Michigan's
9 Little Bavaria."

10
11 As the anchor tourism center for the Great Lakes Bay Region, the development area is home to
12 three of Saginaw County's largest employers (Frankenmuth Bavarian Inn and Zehnders of
13 Frankenmuth and Frankenmuth Insurance,¹) With almost as many people working in
14 Frankenmuth's development area as live in the City of Frankenmuth, it is of high importance to
15 support the development area as measured by its critical place as an employment center.

16
17 The global economy has drastically shifted how municipalities establish and maintain a
18 competitive advantage. Success is determined by the ability to attract and retain the best people
19 and ideas. These 'knowledge workers' balance job opportunities with lifestyle, seeking more
20 than just employment when deciding where to live.

21
22 A unique benefit of the tourism industry is the addition of quality investments, which not only
23 attract the tourist, but are a benefit to the local community and its tax base. This consideration is
24 illustrative of the concept of "place-making" or "sense of place" which considers cultural and
25 natural amenities, resources and social and professional networks as integral parts of community
26 development. DDA projects that have been completed to date, along with those proposed for the
27 coming years focus on creating and maintaining that "sense of place" through continued private
28 and public investment and through comprehensive management.

29
30 The following investment categories are presented for consideration:

¹ As posted on Saginaw Future's Website (www.saginawfuture.com) on September 19, 2014.

1		
2	Relocation & Upgrade or Bury of Utilities:	\$2,000,000
3	Streetscaping:	\$1,000,000
4	Graphics & Signage:	\$ 250,000
5	Special Projects:	\$27,800,000

6 Special Projects include: the Cass River Fish Passage, Construction of a
7 Pedestrian Bridge, Mixed Use Facilities such as Convention Center, Recreation
8 Center, Farmers Market or Gateway Entrances, Riverwalk Extension, Levee
9 Improvements, Retail or other Incubators, Barrier Free Improvements and the
10 purchase of specialized safety equipment

11	Parking/Traffic Solutions:	\$6,000,000
12	Comprehensive District Management And Maintenance	\$9,000,000

13 Any other project determined by the DDA Board that is essential to the DDA completing
14 its purpose as stated herein.

15
16 Total: \$46,050,000

17
18 This list includes existing bond debt supporting the early DDA projects, for which the DDA pays
19 annual debt service using TIF revenues. The detail for all projects is outlined beginning on page
20 8 of this document.

21
22 The following Development Plan and Tax Increment Financing Plan has been prepared in
23 accordance with P.A. 197 of 1975, as amended and will be the subject of a public hearing on
24 _____. If approved, the Plans will take place immediately. The plans may
25 be amended from time to time in order to reflect expanded project or financing needs. Any such
26 amendments will be in accordance with the requirements of P.A. 197 of 1975, as amended.

27
28 DEVELOPMENT PLAN

29
30 The following Development Plan has been prepared in accordance with P.A. 197 of 1975,
31 as amended.

1
2
3
4
5
6
7
8
9
10
11
12
13
14

DESIGNATION OF BOUNDARIES OF THE DEVELOPMENT AREA IN RELATION TO HIGHWAYS, STREETS, STREAMS OR OTHERWISE.

The boundaries of the Development Area are the same as the boundaries of the Downtown District as established by City Council ordinance. A map showing those boundaries in relation to existing highways, streets and streams is attached as part of Exhibit 1.

LOCATION AND EXTENT OF EXISTING STREETS AND OTHER PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA.

All existing streets in the Development area are shown on the map attached as Exhibit 1. The public facilities within the Development Area include the following:

1	U.S. Post Office	119 N. Main Street
2	Frankenmuth City Township Government Center	240 W. Genesee Street
3	Frankenmuth Public Safety Building	218 W. Genesee Street
4	City Public Works Dept	216 W. Schleier Street
5	North Water Tower	218 W. Schleier Street
6	Wil Keinath Park	250 W. Schleier Street
7	Wickson Memorial District Library	359 S. Franklin Street
8	Willkommen Park	Main & Tuscola Street
9	Visitor Center Platz	635 S. Main Street
10	Gunzenhausen Platz	At the corner of Covered Bridge & Main
11	Pedestrian Bridge	Connecting the north and south banks of the Cass River, just east of the Main Street Bridge
12	Heritage Park	600 Block Weiss Street
13	City Waste Treatment Plant	190 Plant Street

14	Woodcarvers' Pavilion	970 S. Main Street
15	South Water Tower	416 List Street

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

LOCATION, CHARACTER, AND EXTENT OF THE CATEGORIES OF PUBLIC AND PRIVATE LAND USES EXISTING AND PROPOSED FOR THE DEVELOPMENT AREA, INCLUDING RESIDENTIAL, RECREATIONAL, COMMERCIAL, INDUSTRIAL, EDUCATIONAL AND OTHER USES.

The existing public land uses within the Development Area are the same as those listed above as public facilities. The predominant zoning within the Development Area is B-2 (Local Commercial) and B-3 (Highway Commercial.) An area of the development district is included within the City's Historic District. More than 250 businesses operate from the development area. A majority of properties is commercial (retail, office, and restaurants) in nature. Other uses include some industrial (including agri-business) and limited residential including a mix of single family homes and apartments. Recreational options include both public and private developments including parks and entertainment-type facilities. Public and parochial schools are located outside of the district, however a university has opened an office as a potential center for their secondary education opportunities. A map of the district is included as Exhibit 1.

DESCRIPTION OF THE DEVELOPMENT AREA.

The description of the Development Area is the same as the Downtown District as established by City Council ordinance. A copy of the description is attached as part of Exhibit-2.

DESCRIPTION OF EXISTING IMPROVEMENT IN THE DEVELOPMENT AREA TO BE DEMOLISHED, REPAIRED OR ALTERED. DESCRIPTION OF ANY REPAIRS, ALTERATIONS AND PROJECTS. ESTIMATE THE TIME REQUIRED FOR COMPLETION.

In 1996, the City prioritized early investment of the DDA project, determining that certain elements of the project would be completed as monies were available. Not all projects

1 that had been deemed critical to the successful implementation of the project were completed
2 because of a lack of funding. After the entire project has been implemented, the following items
3 will have been accomplished along Main Street, Weiss Street and parts of Jefferson Street
4 between Main and Weiss: Bury or relocate overhead electrical lines; Replace water main in Main
5 Street; Streetscaping including landscaping, crosswalks, sidewalks, bollards, railings, planters,
6 retaining walls, flower containers, benches, trash receptacles, street lights, banners, community
7 identity signs, directional signs, pedestrian maps, story plaques, street signs, European accents,
8 community entrances, Main Street Bridge enhancements, ceremonial Chamber platz, tram stops,
9 and municipally owned off-street parking.

10
11 In addition to these items, other projects are considered crucial to the sustainability of existing
12 and the attraction of new private investment within the district. Selected projects are:

- 13
- 14 • Infrastructure upgrades or new installations including sanitary sewer, storm water
15 management, water service, electrical service including extension of services and LED or
16 other eco-friend or energy saving lighting, broadband, fiber or other type of communications
17 access and other related technology enhancements to underserved properties, providing for
18 economic redevelopment and new investment within the district; Estimated cost \$2,000,000
 - 19 • Streetscaping improvements including completion of the public spaces at Eddie Zehnder park
20 and restoration needs of the South Main Pedestrian Bridge; Estimated cost \$1,000,000
 - 21 • Graphics and Signage projects including pedestrian oriented wayfinding signage, and
22 gateway signage; Estimated cost: \$250,000
 - 23 • Parking & Traffic Solutions including land assembly, parking lot or parking deck
24 construction, traffic modifications including lane configurations and the use of round-a-
25 bouts, public transportation needs including public transit stops and other related activities;
26 Estimated cost \$6,000,000

27
28 Special Projects include site specific improvements to existing or new facilities. These include:

- 29 • Construction of the Frankenmuth Fish Passage at the Cass River Dam to stabilize the existing
30 dam and south bank of the Main Street bridge and to enhance the emerging eco-tourism
31 destination including sport fishing and kayaking; Estimated Cost \$3,500,000

- 1 • Construction of a Pedestrian Bridge from Main Street to Heritage Park, facilitating pedestrian
2 access between the tourism centers; Estimated cost \$2,000,000
- 3 • Construction of new public facilities including multi-use facilities such as a Farmer’s Market,
4 a Convention Center, a Recreation Center; Estimated cost \$15,000,000
- 5 • Biking and Pedestrian Walkways including non-motorized improvements including bike
6 lanes, bike storage, signage, planning and maintenance of the Pedestrian Bridge(s); Estimated
7 cost \$150,000
- 8 • Construction of the extension of Riverwalk from Heritage Park, along the edge of the Cass
9 River, under the Main Street to the existing Gunzenhausen Walkway; Estimated cost
10 \$1,500,000
- 11 • Planning and construction activities to improve the existing levee by the Cass River (all
12 located within the development area) to remove properties from the Federal Emergency
13 Management Agency’s proposed flood maps for Saginaw County. Placement in the flood
14 plain would reduce property values and hinder future investment within the development
15 area; conversely, remediation of the levee will assure that properties not in the flood plain
16 area will sustain and grow property values. Estimated cost \$5,000,000
- 17 • Assist with the redevelopment of public facilities regarding Americans with Disability Act
18 (ADA) compliance including the installation of elevators and handicap restrooms. Estimated
19 cost \$150,000
- 20 • Purchase specialized safety equipment for service within the district. Estimated Cost
21 \$500,000.
- 22 • Any other project determined by the DDA Board that is essential to the DDA completing its
23 purpose as stated herein. Estimated costs to be determined.
- 24 • Employ personnel, contract employees and contractors that are deemed essential to the DDA
25 by the DDA Board. Estimated cost to be determined.
- 26 • Activities deemed necessary by the DDA Board to promote tourism. These activities shall
27 include, but not limited to, festivals, car shows, parades and other activities that are designed
28 to bring tourism to the DDA district. Estimated cost to be determined.

29

30 In addition to the investment in the above listed projects, the City understands that
31 comprehensive management of the district is a necessary function of municipalities. According

1 to the National Main Street Center, creating and sustaining a successful commercial center
2 requires comprehensive management, incremental successes, and partnerships, among others.
3 Coordinating successful projects and programs requires dedicated, hands-on management to
4 work with current and new business investors, to coordinate development planning, to provide
5 outreach to build partnerships and to anchor the focus of district initiatives.

6
7 Because no single project is the solution to district development needs, ongoing investment
8 including maintenance of new public projects – such as those deemed necessary for tourism
9 enhancements -- is a requirement to keep the momentum in the district moving forward. In 1996,
10 the City of Frankenmuth adopted a maintenance plan outlining that maintenance for public
11 facilities built as part of the streetscaping project would be maintained with funds from the TIF
12 plan. Additionally, it mandated that TIF funds would not be used for those services funded as
13 ordinary operating expenses of the City.

14
15 Comprehensive management provides for planning, concept development, and efforts towards
16 business retention, entrepreneur development and new business recruitment. Management and
17 maintenance of the unique public spaces constructed to sustain the base industry of tourism are
18 critical to establishing Frankenmuth's "Sense of Place Sense of Place." defines Frankenmuth's
19 "there" -- that uniquely attractive element needed to maintain Frankenmuth's tourism industry.
20 The estimated cost of comprehensive management – including assigned personnel and year
21 round maintenance of the streetscape investment -- over the next 30 years is estimated at \$9
22 million.

23
24 The estimated time required for implementation is within the next 30 years or through
25 December 31, 2044.

26
27 LOCATION, EXTENT, CHARACTER, AND ESTIMATED COST OF THE
28 IMPROVEMENTS INCLUDING REHABILITATION CONTEMPLATED FOR THE
29 DEVELOPMENT AREA. ESTIMATE OF THE TIME REQUIRED FOR COMPLETION.

30

1 See answer in preceding item. The estimated cost of the entire project is \$46,050,000, not
2 inclusive of any costs that are to be determined.

3
4 STATEMENT OF THE CONSTRUCTION OR STAGES OF CONSTRUCTION PLANNED.
5 ESTIMATED TIME OF COMPLETION OF EACH STAGE.

6
7 Projects may be completed as “pay as you go” or through the sale of bonds. Projects
8 funded on the “pay as you go” program will vary annually, based on need and opportunity. The
9 terms for bond-funded projects will be no longer than 25 years. Comprehensive management will
10 continue for the proposed 30 years, or as determined by the local community.

11
12 DESCRIPTION OF ANY PARTS OF THE DEVELOPMENT AREA TO BE LEFT AS OPEN
13 SPACE AND THE USE CONTEMPLATED FOR THE SPACE.

14
15 All open space areas (City Parks) would remain in the current configuration.

16
17 DESCRIPTION OF ANY PORTIONS OF THE DEVELOPMENT AREA WHICH THE
18 AUTHORITY DESIRES TO SELL, DONATE, EXCHANGE OR LEASE TO FOR FROM
19 THE MUNICIPALITY AND THE PROPOSED TERMS.

20
21 It is not presently proposed that the Downtown Development Authority would sell,
22 donate, or exchange properties to or from the City. Ownership of projects would be public and,
23 depending on the financing vehicle, would be owned either by the City of Frankenmuth or the
24 D.D.A. or its agent. Currently the DDA leases property from the City of Frankenmuth at 210 N.
25 Franklin Street and subleases the facility to a private user. No lease revenue is generated by this
26 arrangement.

27
28 DESCRIPTION OF DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET
29 LEVELS, INTERSECTIONS AND UTILITIES.

1 No zoning changes are contemplated at this time. Street configurations may be changed
2 to accommodate *complete streets* programs including the reduction of lanes, the addition of bike
3 lanes and other traffic calming applications,. Utility improvements may include upgrades to
4 storm water management facilities, sanitary sewer lines, water lines, extension of electrical
5 service access, burying of overhead utility lines and conversion of streetlights to LED
6 technology. These activities would be undertaken in order to accommodate private investment in
7 existing or new businesses or to reduce operating costs over time. Further, the expansion of
8 service options for broadband or fiber optic access may be completed.

9
10 ESTIMATED COST OF THE DEVELOPMENT. STATEMENT OF THE PROPOSED
11 METHOD OF FINANCING THE DEVELOPMENT AND THE ABILITY OF THE
12 AUTHORITY TO ARRANGE THE FINANCING.

13
14 The estimated cost of the development is 46.05 million, not inclusive of any costs to be
15 determined.. Pursuant to Act 197, the costs of acquisition and development may be financed by
16 any method authorized by Act 197 or other law governing municipal finance. The DDA has
17 successfully financed projects and activities in the past and it anticipates that those and other
18 additional financing mechanisms will be used in the future to successfully provide financing for
19 projects and activities of the DDA.

20
21 DESIGNATION OF THE PERSON OR PERSONS, NATURAL OR CORPORATE, TO
22 WHOM ALL OR A PORTION OF THE DEVELOPMENT IS TO BE LEASED, SOLD OR
23 CONVEYED IN ANY MANNER AND FOR WHOSE BENEFIT THE PROJECT IS BEING
24 UNDERTAKEN.

25
26 This project is being undertaken for the benefit of the entire community. The community
27 will benefit because the business community will benefit from the increased attractiveness of the
28 commercial area. This will increase the economic activity within the Development District and
29 help existing businesses remain in business. Without these improvements, the amount of tourist
30 visitations to the community cannot grow. Without growth, there will be stagnation. With
31 stagnation, there will be decline. With decline, the entire community will suffer economically.

1 PROCEDURES FOR BIDDING FOR THE LEASING, PURCHASING OR CONVEYING IN
2 ANY MANNER OF ALL OR A PORTION OF THE DEVELOPMENT UPON ITS
3 COMPLETION IF THERE IS NOT EXPRESS OR IMPLIED AGREEMENT BETWEEN THE
4 AUTHORITY AND PERSONS, NATURAL OR CORPORATE THAT ALL OR A PORTION
5 OF THE DEVELOPMENT WILL BE LEASED, SOLD, OR CONVEYED IN ANY MANNER
6 TO THOSE PERSONS.

7
8 It is anticipated that projects proposed to be undertaken as a part of this project will be
9 municipally owned. Any proposed changes to this policy will require approval by the Authority
10 and the City Council.

11
12 ESTIMATE THE NUMBER OF PERSONS RESIDING IN THE DEVELOPMENT AREA
13 AND THE NUMBRER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED.

14
15 There are an estimated 50 residents living in the Downtown District. The Development
16 Plan does not call for the displacement of any residents; however, if studies or projects
17 necessitate the displacement of any residents, the plan will be amended.

18
19 PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS
20 DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE
21 DEVELOPMENT AREA.

22
23 The Development Plan does not call for the displacement of any residents; however, if
24 studies or project necessitate the displacement of any residents, the plan will be amended.

25
26 PROVISION FOR THE COSTS OF RELOCATING PERSONS DISPLACED BY THE
27 DEVELOPMENT AND FINANCIAL ASSISTANCE AS REQUIRED BY THE FEDERAL
28 UNIFORM RELOCATION ASSITANCE AND EAL PROPERTY ACQUISITION POLICIES
29 ACT OF 1970, BEING PUBLIC LAW 91-646, 42 U.S.C.SECTIONS 4601, ET SEQ.

30

1 The Development Plan does not call for the displacement of any residents; however, if
2 studies or project necessitate the displacement of any residents, the plan will be amended.

3
4 PLAN FOR COMPLIANCE WITH THE STATE RELOCATION ASSISTANCE ACT,
5 WHICH IS ACT NO. 227 OF THE PUBLIC ACTS OF 1972, BEING SECTIONS 213.321 TO
6 213.332 OF THE MICHIGAN COMPILED LAWS.

7
8 The Development Plan does not call for the displacement of any residents; however, if
9 studies or project necessitate the displacement of any residents, the plan will be amended.

10
11 TAX INCREMENT FINANCING PLAN

12
13 POSSIBLE SOURCES OF FUNDS FOR THE D.D.A. TO FINANCE THE DEVELOPMENT
14 PROJECT.

15
16 The Downtown Development Authority Act authorizes several potential sources of funds
17 for the D.D.A. to use to finance its development activities, including the following: Donations; a
18 tax of up to two (2) mills levied on the Downtown Development District upon approval by the
19 City Council; proceeds from a revenue bond issue or general obligation bond issue; revenues
20 from property owned by the D.D.A.; moneys received from other sources approved by the City
21 Council; proceeds from a tax increment financing plan; and proceeds from a special assessment
22 district as provided by law.. Another possible source is State and Federal grants. In addition to
23 the financing mechanisms currently contained in the Downtown Development Authority Act, the
24 DDA may utilize any other source of funding that is authorized by law.

25 The following comments on these sources will put in perspective the need for the tax
26 increment financing plan:

27 Donations - These funds would be from either individuals or corporations including
28 philanthropic foundations. For specific projects, contributions to the specific project have been
29 leveraged to augment available revenue sources. Also, future projects will continue to rely on
30 other funding from donations also.

1 Tax Levy –The DDA ~~can~~ is authorized to levy millage at the limitations determined by
2 the Downtown Development Authority Act.

3 Bond Proceeds – Although bond proceeds are included in the State Statutes as a “source
4 of funding,” they are only a vehicle for borrowing, not an actual source of capital. Bonds require
5 another source of funds for repayment as they mature. It is anticipated that bonds will be sold to
6 finance the project with tax increment revenues and any other source of funding being used to
7 retire that debt. Prior approval of the bond sale by the City Council will be required. As of June
8 30, 2014, the DDA has an estimated \$5.6 million in outstanding bond (principal and interest)
9 debt.

10 Revenues from Properties - Since the Frankenmuth D.D.A. owns no property, this source
11 of funding is not available. If any income is derived from properties acquired during
12 implementation of the Development Plan, those funds will be applied to the cost of
13 implementation of the project.

14 Other Sources – These could include any general revenues of the City approved by the
15 City Council for use by the D.D.A.

16 Federal and State Grants – If either federal or state grants program become available for
17 which the Development Plan would qualify, applications will be written and submitted in an
18 attempt to secure grant funds for the project. The DDA has consistently and successfully written
19 for local, state and federal grants to complete its projects including funding for streetscaping and
20 infrastructure development. Most grant funding requires a local match, which can be provided
21 through revenues available for use by the DDA including tax increment financing.

22 Tax Increment Financing Revenue – All revenues from the Tax Increment Financing Plan
23 will be designated for the project. These funds will be placed into a special interest bearing
24 D.D.A. fund.

25 Any Other Funding Source Authority By Law – The DDA recognizes that the State of
26 Michigan continuously modifies the laws and financing mechanisms available to municipal
27 governments, including downtown development authorities. It is anticipated that if additional
28 financing mechanisms become available, the DDA will consider that use of funding.

29
30 DETAILED EXPLANATION OF THE TAX INCREMENT FINANCING PROCEDURES.
31

1 Tax increment revenue to be transmitted to the D.D.A. is generated when the current
2 assessed value of all properties within a development area exceeds the initial assessed value of
3 the properties. The initial assessed value is defined in Act 197 as “the most recently assessed
4 value of all taxable property within the boundaries of the development area at the time the
5 ordinance establishing the development area is approved.” The current assessed value refers to
6 the assessed value of all properties, real and personal², within the development area as
7 established each year subsequent to the adoption of the tax increment financing plan. The
8 amount in any one year which the current assessed value exceeds the initial assessed value,
9 including real and personal property, is defined as the “captured assessed value. The tax
10 increment revenue transmitted to the D.D.A. results from applying the total tax levy of all taxing
11 units within the development to the captured assessed value.

12 Increases in assessed values within a development area which result in the generation of
13 tax increment revenues can result from any of the following:

- 14 • Construction of new developments occurring after the date of establishing the “initial
15 assessed value.”
- 16 • Construction of new rehabilitation, remodeling alterations or additions accruing after the
17 date establishing the “initial assessed value.”
- 18 • Increases in property values which occur for any other reason.

19
20 Tax increment revenues transmitted to the D.D.A. can be used as they accrue annually,
21 can be held to accumulate amounts necessary to make improvements described in the plan, or
22 can be pledged for debt services on general obligation tax increment bonds issued by the
23 municipality.

24 If bonds are to be sold, the municipality may pledge for annual debt service requirements,
25 100% of the estimated tax increment revenue to be received from a development area for that
26 year. Should actual tax increment revenues fall below projections, any previously accumulated
27 revenue would be devoted to retirement of the bonds. The bonds are subject to the Michigan
28 Municipal Finance Act or other law enacted by the state to regulate municipal finance and may
29 not mature beyond the term of the TIF set forth herein if TIF revenue is the funding source used

² The State of Michigan is currently repealing the personal property tax, which may result in a loss of TIF revenue to the DDA.

1 to retire the debt. If tax increment revenues are insufficient for any reason, the Michigan
2 Municipal Finance Act provides that if the bond issue has been approved by the electors of the
3 municipality, the municipality must meet debt service requirements from its general fund and, if
4 necessary, levy whatever additional taxes are required. If the bond issue has not been approved
5 by the electors, meeting debt service requirements becomes a first budget obligation of the
6 general fund.

7 The D.D.A. may expend tax increment revenues only in accordance with the Tax
8 Increment Financing Plan; surplus revenues not designated for future projects or operating
9 expenses shall revert proportionately to the respective taxing jurisdictions upon approval of the
10 DDA Board. The Tax Increment Financing Plan may be modified upon approval of the City
11 Council after notification and hearings as required by Act 197. When the City Council finds that
12 the purposes for which the plan was established have been accomplished, the may abolish the
13 Plan by complying with the procedure set forth in Act 197.

14

15 MAXIMUM AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED.

16

17 The maximum amount of bonded indebtedness to be incurred by the DDA is \$20 million;
18 however, the actual bonded indebtedness to be incurred will be limited by the amount of
19 revenues anticipated to be received each year which will be available for servicing the debt load.
20 The bond indebtedness proceeds will be sufficient to pay the estimated costs of the deployment,
21 plus any associated costs of engineers, administration, architects, attorneys, all related costs and
22 fees, bond printing costs and costs of publication of required notices.

23

24 ESTIMATED CAPTURED ASSESSED VALUES, AND ESTIMATED TAX INCREMENT 25 REVENUES.

26

27 Initial Assessed Value: The City Council initially adopted this Plan on May 25, 1992.
28 The “initial assessed value” (the base year SEV from which the “captured assessed value” is
29 calculated), shall be the 1991 State Equalized Valuation, as equalized in May 1992, of the
30 Frankenmuth Downtown Development District, as finally determined by the State Tax
31 Commission.

1 Portion of “Captured Assessed Value” To Be Used: The D.D.A. proposes that all of the
2 taxes levied by all Taxing Jurisdictions on the captured assessed value of real and personal
3 property within the Downtown District be used by the Authority to the extent required to satisfy
4 the debt service requirements (including existing debt) and for the future debt up to the bonded
5 indebtedness limitation of \$20.0 million.

6
7 DURATION OF THE PROGRAM.

8
9 This amendment to the Tax Increment Finance Plan shall commence upon its approval by
10 the City Council. The duration of the plan is 30 years through December 31, 2044 or such earlier
11 time as requested by the DDA Board if all the projects of the Plan have been accomplished.

12
13 COMPLIANCE WITH SECTION 15 OF ACT 197, P.A. 1975 AS AMENDED

14
15 The City of Frankenmuth and the Frankenmuth D.D.A. shall comply with Section 15 of
16 Act 197, P.A. 1975 as amended. This means the Authority shall expend the tax increments
17 received for the Development Program only pursuant to the Tax Increment Financing Plan.
18 Surplus revenue not designated for future projects or operating expenses shall revert
19 proportionately to the respective taxing jurisdictions upon approval by the DDA Board. These
20 revenues shall not be used to circumvent existing property tax limitations. The City Council may
21 abolish the Tax Increment Financing Plan when it finds that the purposes for which it was
22 established are accomplished.

23 Annually, the Authority shall submit to the City Council and the State Tax Commission a
24 report on the status of the Tax Increment Financing Account. The report shall include all of the
25 requirements of Section 15(3) of Act 197, being MCL 126.1663(3.) The report shall be published
26 a newspaper of general circulation within the City.

27
28 Annually, the Authority shall make a presentation to the City Council at which time all
29 financial information pertaining to the Tax Increment Financing Plan shall be addressed.

30
31 STATEMENT OF ESTIMATED IMPACT ON ~~FIVE~~-TAXING JURISDICTIONS.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Under a tax increment financing plan, the annual revenue generated in any given year is calculated by multiplying the captured assessed value by the total millage levied by all taxing jurisdictions eligible for capture pursuant to law. At the time when the Tax Increment Plan (May 1992) was first adopted, the total millage levied on properties in the City of Frankenmuth was 45.75 mills. With changes to TIF legislation in 1994 through Proposal A, only non-school taxes levied by local jurisdictions are eligible for capture by the TIF plan. In 2014, these include the City of Frankenmuth, Saginaw County, Delta College, Wickson District Library, the Downtown Development Authority, component units of each of these taxing jurisdictions and all other millages not exempt from capture pursuant to state and federal law. Assessed Value (not State Equalized Value) is the basis for captured assessed value calculations.

Since the Tax Increment Financing Plan generates revenue based only on the captured assessed value, each Taxing Jurisdiction will continue to levy and receive taxes on the initial assessed value of \$42,216,550. This initial assessed value will be used for taxing purposes by the Taxing Jurisdictions throughout the life of the Tax Increment Plan. In effect, the SEV or-initial assessed value is frozen at that level for taxing purposes.

The table below lists the SEV or assessed value, mill levy and revenue received by each jurisdiction, and the amount of revenue derived from properties in the Downtown District in the initial assessed year of 1992 and in the current year of 2014. Table 1 details the total SEV or assessed value of each taxing jurisdiction, the mill levy in each respective year and the total anticipated revenue for each taxing jurisdiction. Table 2 lists the total DDA SEV or Assessed Value, anticipated DDA Revenue in each year and the percent of DDA revenue as compared with total tax revenue of the taxing jurisdictions.

Table 1: Amended (from 1996) Table of Revenue Generated in the Downtown Development District (DDD) per Taxing Jurisdiction

	A1	A2	B1	B2	C1=A1xB1	C2=A2xB2
Taxing Jurisdiction	Total SEV or Assessed Value		Mill Levy (per thousand)		Total Taxing Jurisdiction Revenue	
	1992	2014	1992	2014	1992	2014
City	\$ 114,074,200	\$ 276,116,300	0.00760	0.00875	\$ 866,964	\$ 2,416,018
School	\$ 200,976,632	n/a	0.02747	n/a	\$ 5,520,828	n/a
County	\$ 2,643,818,232	\$ 5,316,418,946	0.00643	0.00830	\$ 16,999,751	\$ 44,129,999
I.S.D	\$ 2,570,508,222	n/a	0.00215	n/a	\$ 5,526,593	n/a
Delta	\$ 6,475,229,362	\$ 11,284,553,983	0.00210	0.00204	\$ 13,597,982	\$ 23,050,958
District Library	n/a	\$ 394,993,929	n/a	0.00085	n/a	\$ 335,745
DDA	n/a	\$ 90,035,670	n/a	0.001	n/a	\$ 90,035.67
Total			0.04575	0.01994		

Table 2: Amended Table of Revenue Generated in the Downtown Development District (DDD) per Taxing Jurisdiction, (Continued)

	D1	D2	E1	E2=(D2-D1) x B2	F1=E1/C1	F2=E2/C2
Taxing Jurisdiction	DDA SEV or Assessed Value		DDA Revenue		DDA Revenue as a % of Total Taxing Jurisdiction Revenue	
	1992	2014	1992	2014	1992	2014
City	\$ 42,216,550	\$ 90,035,670	\$ 314,366	\$ 418,417	36.3%	17.3%
School	\$ 42,216,550	n/a	\$ 1,136,269	n/a	20.6%	n/a
County	\$ 42,216,550	\$ 90,035,670	\$ 265,971	\$ 396,932	1.6%	0.9%
I.S.D	\$ 42,216,550	n/a	\$ 88,933	n/a	1.6%	n/a
Delta	\$ 42,216,550	\$ 90,035,670	\$ 86,864	\$ 97,680	0.6%	0.4%
District Library	\$ 42,216,550	\$ 90,035,670	n/a	\$ 40,646	n/a	12.1%
DDA	\$ 42,216,550	\$ 90,035,670	n/a	\$ 47,819	n/a	53.1%
Total						

In 1994, capture of school millages was eliminated as a condition of legislation known as “Proposal A.” The Wickson District Library did not exist when the development area was first formed in 1992. Also, the DDA did not levy any millage (allowable by state law) against properties in the development district, in 1992. When comparing the TIF capture in 1992 with the TIF capture in 2014, the percent of TIF revenues captured against the taxing jurisdictions that were in existence in 1992 has been reduced.

Assuming a 1.5% increase in the S.E.V (or assessed value) of the D.D.A. District in both 1993 and 2015, and assuming millage rates remain constant over the year, the D.D.A. would have realized an incremental increase in revenue totaling \$28,971 in 1993 and a future increase of revenue of \$26,934 in 2015. The allocation of the source of that revenue and a comparison to the total 1991 and 2014 revenue of each Taxing Jurisdiction is shown in Tables 3 and 4. :

1 Table 3: Amended (from 1996) Comparison of Tax Capture to Taxing Jurisdiction Total
 2 Revenue

	G1	G2	H1=D1x1.5%	H2=D2x1.5%	I1=G1xH1	I2=G2xH2
Taxing Jurisdiction	Mill Levy (in thousands)		1.5% Increase in DDD SEV or Assessed Value		Increased Revenue to DDA in 1 Year (Est)	
	1992	2014	1993	2015	1993	2015
City	0.00760	0.00875	\$ 633,248	\$ 1,350,535	\$ 4,813	\$ 11,817
School	0.02747	n/a	\$ 633,248	n/a	\$ 17,395	n/a
County	0.00643	0.00830	\$ 633,248	\$ 1,350,535	\$ 4,072	\$ 11,210
I.S.D	0.00215	n/a	\$ 633,248	n/a	\$ 1,361	n/a
Delta	0.00210	0.00204	\$ 633,248	\$ 1,350,535	\$ 1,330	\$ 2,759
District Library	n/a	0.00085	\$ 633,248	\$ 1,350,535	n/a	\$ 1,148
DDA	n/a	0.00100	\$ 633,248	\$ 1,350,535	n/a	\$ 1,351
Total	0.04575	0.01994			\$ 28,971	\$ 26,934

3
 4 Table 4: Amended (form 1996) Comparison of Tax Capture to Taxing Jurisdiction Total
 5 Revenue, Continued

	J1=C1	J2=C2	K1=I1/J1	K2=I2/J2
Taxing Jurisdiction	Taxing Jurisdiction Revenue		% of DDA Increase to Total Taxing Jurisdiction Revenue (prior year)	
	1992	2014	1992	2014
City	\$ 866,964	\$ 2,416,018	0.56%	0.49%
School	\$ 5,520,828	n/a	0.32%	n/a
County	\$ 16,999,751	\$ 44,129,999	0.02%	0.03%
I.S.D	\$ 5,526,593	n/a	0.02%	n/a
Delta	\$ 13,597,982	\$ 23,050,958	0.01%	0.01%
District Library	n/a	\$ 335,745	n/a	0.34%
DDA	n/a	\$ 90,036	n/a	1.50%

6
 7
 8 As shown in Table 4 and with the exception of the DDA, the amount of TIF revenue
 9 increase estimated over the previous year would amount to no more than 0.5% per taxing
 10 jurisdiction.

11 The D.D.A. proposes to strengthen the Downtown District and arrest the current
 12 stagnation in property values. This is to be accomplished by using the additional tax revenues
 13 generated in the Downtown Development Authority District to make public improvements and
 14 induce private redevelopment.

1
2
3