I. Tax Increment Financing Plan

Tax increment financing, under Act 280, is a funding technique which employs the allocation of taxes on real and personal property within a specific development area to secure and pay the cost of public improvements or bonds issued by a municipality or Corridor Improvement Authority to finance the costs of an approved development plan, to pay the Authority's costs of operation, and to finance portions of an approved development plan which do not involve the issuance of bonds.

A. Tax Increment Financing Procedure

The tax increment financing procedure as outlined in the Act, requires that the City adopt an ordinance establishing a Development Plan and a Tax Increment Financing Plan. Following the adoption of the ordinance, the City Treasurer and the County Treasurer are required by law to transmit to the Authority that portion of the tax levy of the "Current Assessed Value" that exceeds the "Initial Assessed Value" of the Development District. This is done on an annual basis and is defined as the "Captured Assessed Value."

The "Captured Assessed Value," as defined in Act 280, is the amount in any one year by which the current assessed value of the development area, including the assessed value of the property for which specific taxes are paid in lieu of property taxes, exceeds the initial assessed value.

"Initial Assessed Value" is defined as the assessed value of all taxable property within the boundaries of the Development District at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the City for which equalization has been completed at the time the ordinance is adopted. Property for which a specific local tax is paid in lieu of property tax shall not be considered to be property that is exempt from taxation.

When the Authority determines that it is necessary to achieve the purpose of Act 280, the Authority prepares and submits a tax increment financing plan to the City Council. The plan must include a development plan as provided in Section 21 of the Act, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, the duration of the program, and shall be in compliance with Section 19 of the Act. The plan must contain a statement of the estimated impact of the tax increment financing on the assessed values of all taxing jurisdictions in which the Development District is located. The plan may provide for the use of part or all of the Captured Assessed Value, but the portion intended to be used by the Authority shall be clearly stated in the plan.

Approval of the tax increment financing plan must be obtained following the notice, hearing and disclosure provisions of Section 22 of the Act. If the development plan is a part of the tax increment financing plan, only one hearing and approval procedure is required for the two plans together.

B. Estimates of Captured Assessed Values and Tax Increment Revenues

Tables 2 shows revenue projections from the TIF district, assuming that property values will continue to decline in the first year of the plan and then begin to rise at a rate of .5% per year beginning in 2013. Table 3 shows the revenue projections from the TIF district in the event that the County millage is not able to be collected. Historically, the City has strived to keep tax rates as low as possible. When the economy improves, tax rates may drop, as is reflected in the chart.

The charts show a full capture of Midland County's millage. It is possible that some of this millage may not be captured or varying amounts may be captured in specific years. These issues will be addressed with the County at a later date.

Real & Personal Property - Center City District

Saginaw Road Corridor Improvement

Estimated 1.00% annual increase in value

Year	Real Property TV	%Chg	Personal Prop TV	%Chg	Base Value 2012	Captured Value	Millages Captured City	County	College	Taxes Captured
2012 - Estimated	33,528,038		4,444,000		37,972,038	Base	Base	Base	Base	Base
2013 - Estimated	33,863,318	1.00%	4,488,440	1.00%	37,972,038	379,720	14.8000	0.0000	2.0427	$6,395.52
2014 - Estimated	34,201,952	1.00%	4,533,324	1.00%	37,972,038	763,238	14.8000	0.0000	2.0427	$12,854.99
2015 - Estimated	34,543,971	1.00%	4,578,658	1.00%	37,972,038	1,150,591	14.8000	0.0000	2.0427	$19,379.05
2016 - Estimated	34,889,411	1.00%	4,624,444	1.00%	37,972,038	1,541,817	14.8000	0.0000	2.0427	$25,968.36
2017 - Estimated	35,238,305	1.00%	4,670,689	1.00%	37,972,038	1,936,956	14.8000	0.0000	2.0427	$32,623.56
2018 - Estimated	35,590,688	1.00%	4,717,396	1.00%	37,972,038	2,336,045	14.8000	0.0000	2.0427	$39,345.31
2019 - Estimated	35,946,595	1.00%	4,764,570	1.00%	37,972,038	2,739,126	14.8000	0.0000	2.0427	$46,134.28
2020 - Estimated	36,306,061	1.00%	4,812,215	1.00%	37,972,038	3,146,238	14.8000	0.0000	2.0427	$52,991.14
2021 - Estimated	36,669,121	1.00%	4,860,337	1.00%	37,972,038	3,557,421	14.8000	0.0000	2.0427	$59,916.57
2022 - Estimated	37,035,813	1.00%	4,908,941	1.00%	37,972,038	3,972,715	14.8000	0.0000	2.0427	$66,911.25
2023 - Estimated	37,406,171	1.00%	4,958,030	1.00%	37,972,038	4,392,163	14.8000	0.0000	2.0427	$73,975.88
2024 - Estimated	37,780,232	1.00%	5,007,610	1.00%	37,972,038	4,815,805	14.8000	0.0000	2.0427	$81,111.16
2025 - Estimated	38,158,035	1.00%	5,057,687	1.00%	37,972,038	5,243,683	14.8000	0.0000	2.0427	$88,317.78
2026 - Estimated	38,539,615	1.00%	5,108,263	1.00%	37,972,038	5,675,841	14.8000	0.0000	2.0427	$95,596.48
2027 - Estimated	38,925,011	1.00%	5,159,346	1.00%	37,972,038	6,112,319	14.8000	0.0000	2.0427	$102,947.96
2028 - Estimated	39,314,261	1.00%	5,210,939	1.00%	37,972,038	6,553,163	14.8000	0.0000	2.0427	$110,372.96
2029 - Estimated	39,707,404	1.00%	5,263,049	1.00%	37,972,038	6,998,415	14.8000	0.0000	2.0427	$117,872.20
2030 - Estimated	40,104,478	1.00%	5,315,679	1.00%	37,972,038	7,448,119	14.8000	0.0000	2.0427	$125,446.44
2031 - Estimated	40,505,523	1.00%	5,368,836	1.00%	37,972,038	7,902,321	14.8000	0.0000	2.0427	$133,096.42
2032 - Estimated	40,910,578	1.00%	5,422,525	1.00%	37,972,038	8,361,065	14.8000	0.0000	2.0427	$140,822.90
										$1,432,080.23

Real & Personal Property - Center City District

Saginaw Road Corridor Improvement

Estimated 0.50% annual increase in value

Year	Real Property TV	%Chg	Personal Prop TV	%Chg	Base Value 2012	Captured Value	Millages Captured: City	Millages Captured: County	Millages Captured: College	Taxes Captured
2012 - Estimated	33,528,038		4,444,000		37,972,038	Base	Base	Base	Base	Base
2013 - Estimated	33,695,678	0.50%	4,466,220	0.50%	37,972,038	189,860	14.8000	0.0000	2.0427	$3,197.76
2014 - Estimated	33,864,157	0.50%	4,488,551	0.50%	37,972,038	380,670	14.8000	0.0000	2.0427	$6,411.51
2015 - Estimated	34,033,477	0.50%	4,510,994	0.50%	37,972,038	572,433	14.8000	0.0000	2.0427	$9,641.32
2016 - Estimated	34,203,645	0.50%	4,533,549	0.50%	37,972,038	765,156	14.8000	0.0000	2.0427	$12,887.29
2017 - Estimated	34,374,663	0.50%	4,556,217	0.50%	37,972,038	958,842	14.8000	0.0000	2.0427	$16,149.48
2018 - Estimated	34,546,536	0.50%	4,578,998	0.50%	37,972,038	1,153,496	14.8000	0.0000	2.0427	$19,427.99
2019 - Estimated	34,719,269	0.50%	4,601,893	0.50%	37,972,038	1,349,124	14.8000	0.0000	2.0427	$22,722.88
2020 - Estimated	34,892,865	0.50%	4,624,902	0.50%	37,972,038	1,545,729	14.8000	0.0000	2.0427	$26,034.26
2021 - Estimated	35,067,330	0.50%	4,648,027	0.50%	37,972,038	1,743,318	14.8000	0.0000	2.0427	$29,362.19
2022 - Estimated	35,242,666	0.50%	4,671,267	0.50%	37,972,038	1,941,895	14.8000	0.0000	2.0427	$32,706.76
2023 - Estimated	35,418,880	0.50%	4,694,623	0.50%	37,972,038	2,141,465	14.8000	0.0000	2.0427	$36,068.05
2024 - Estimated	35,595,974	0.50%	4,718,096	0.50%	37,972,038	2,342,032	14.8000	0.0000	2.0427	$39,446.15
2025 - Estimated	35,773,954	0.50%	4,741,687	0.50%	37,972,038	2,543,603	14.8000	0.0000	2.0427	$42,841.13
2026 - Estimated	35,952,824	0.50%	4,765,395	0.50%	37,972,038	2,746,181	14.8000	0.0000	2.0427	$46,253.10
2027 - Estimated	36,132,588	0.50%	4,789,222	0.50%	37,972,038	2,949,772	14.8000	0.0000	2.0427	$49,682.12
2028 - Estimated	36,313,251	0.50%	4,813,168	0.50%	37,972,038	3,154,381	14.8000	0.0000	2.0427	$53,128.29
2029 - Estimated	36,494,817	0.50%	4,837,234	0.50%	37,972,038	3,360,013	14.8000	0.0000	2.0427	$56,591.69
2030 - Estimated	36,677,291	0.50%	4,861,420	0.50%	37,972,038	3,566,673	14.8000	0.0000	2.0427	$60,072.41
2031 - Estimated	36,860,678	0.50%	4,885,727	0.50%	37,972,038	3,774,367	14.8000	0.0000	2.0427	$63,570.53
2032 - Estimated	37,044,981	0.50%	4,910,156	0.50%	37,972,038	3,983,099	14.8000	0.0000	2.0427	$67,086.14
										$693,281.03

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

1. Construction of new developments occurring after the date establishing the "initial assessed value."

2. Construction of new rehabilitation, remodeling alterations, or additions occurring after the date establishing the "initial assessed value."

3. Increases in property values which occur for any other reason.

B. Bonded Indebtedness 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 by the Authority 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. General obligation bonds of the City, subject to approval of City electors.

3. Tax increment bonds which are secured by tax increment revenue generated by and received from property within the Development District, or other revenues of the Authority.

4. Funds borrowed from the City at rates and terms to be agreed upon or as set forth elsewhere in the Development Plan and Tax Increment Financing Plan; and/or

5. Cash.

Tax collections expected to be generated by the captured assessed value of property within the Development District are expected to be adequate to provide for payment of principal and interest on bonds issued by the Authority or the City, or funds borrowed from the City. The amounts of bonded indebtedness or indebtedness to be incurred by the Authority and/or the City for all bond issues or loans, including payments of capitalized interest, principal and required reserve, shall be determined by the City Council, upon the recommendations of the Authority.

The Authority intends to pay for many of the improvements and projects identified in this Development Plan and Tax Increment Financing Plan on an available funding basis, using available grants, leveraging bonds with TIF funds and establishing grant and loan programs for specific improvements. These will be done utilizing the resources identified on page 8 of the Development Plan, consistent with Act 280 and this Tax Increment Financing Plan. The Authority reserves the right to issue the types of bonds specified in Act 280 and this Plan, in a principal amount not to exceed that which is necessary to undertake and complete the improvements and projects described in the Development Plan.

As of the adoption of this Plan, the maximum estimated principal amount of bonded indebtedness which may be issued during the term of this Development Plan and Tax Increment Financing Plan is approximately $500,000 including preliminary costs, project costs and financing expenses. Final determination and authorization to pursue bond financing is subject to City Council approval.

C. Use of Tax Increment Revenue

Tax increment revenues transmitted to the Authority shall be deposited in a separate fund of the Authority and used as they accrue annually in the following manner and with the following order of priority:

First, to pay the administrative, auditing, legal and operating costs of the Authority and the City pertaining to the Plan and the Development District**,** including planning and promotion to the extent provided in the annual budget of the Authority.

Second, to repay amounts advanced by the City for project costs, including costs for preliminary plans, projects, fees, and for other professional services.

Third, to pay, or to set aside in a reserve account for the purpose of paying when feasible, the cost of undertaking, completing and reimbursing the City for any public improvements as set forth in the Plan, to the extent those costs are not financed from other sources.

Fourth, to pay the cost of any additional improvements to the Plan that are determined necessary by the Authority and approved by the City Council in accordance with the Act.

In accordance with Act 280, and to the extent that the Authority and the City deem it necessary and in the best interests of the Authority, the Development District, and the City and its residents and property owners, the Authority may enter into tax sharing arrangements with affected taxing jurisdictions to share all or a portion of tax increment revenues on such terms as the Authority and the City Council determine to be most equitable for the Authority, the Development District and the City.

D. Duration of the Program

The duration of this Tax Increment Finance Plan is 20 years.

E. Estimated Impact on Taxing Jurisdictions

See Tables 2 and 3 on pages 3 and 4**.**

F. Use and Refund of Tax Increment Revenues

Adoption of this Tax Increment Financing Plan will initially result in the use of all revenues derived from increases in assessed value of the real and personal property of the Development District for purposes of the Development Plan. As soon as adequate increments have been generated to pay for the development projects, excess tax increment will be returned to the taxing jurisdictions.

Table 1 demonstrates the current millage levied by each jurisdiction, the anticipated growth in assessed value and the resulting tax increment revenues to be generated during the life of the Plan, and the estimated fiscal and economic implications on taxing jurisdictions resulting from the implementation of the Plan and capture of millage by the Authority.

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

Several taxing bodies currently receive property tax revenue from the property within the Development District. They will continue to receive tax revenues on the initial assessed value of this property throughout the duration of the Plan. When this plan is terminated, these taxing jurisdictions will receive property tax revenues from all taxable property located within the Development District, including new development and appreciation in value stimulated by the development projects and inflation.