DOWNTOWN DEVELOPMENT AUTHORITY
OF THE
CITY OF EATON RAPIDS

SECOND AMENDED
DEVELOPMENT AND TAX INCREMENT
FINANCING PLAN

July 1, 2003
SECOND AMENDED DEVELOPMENT
AND TAX INCREMENT FINANCING PLAN

LIST OF EXHIBITS

A. Amended Boundaries of Downtown Development Area
   -See A-1: Downtown Development Authority Boundary Map

B. Location, Character, and Extent of the Categories of Existing Public and Private Land Uses
   -See B-1: Downtown Development Authority Expansion District
   -See B-2: Downtown Development Authority Core District
   -See B-4: City of Eaton Rapids Existing Land Use Map

C. Location, Character and Extent of the Categories of Planned Public and Private Land Uses
   -See C-1: Downtown Development Authority Future Land Use Map

D. Legal Description of the Amended Downtown Development Area
   -See D-1: Downtown Development Authority Legal Description

E. Proposals and Estimated Time of Completion for Each Demolition, Repair and Alteration Proposed Under the Amended Plan
   -Non Applicable

F. Description of Parts of the Development Area to be Left as Open Space and the Use Contemplated for the Open Space
   -See F-1: Downtown Development Authority Open Space Map

G. The Location, Extent, Character, Estimated Cost and Estimated Time Required for Completion for the Improvements Contemplated Under the Amended Plan
   -See G-1: Downtown Development Authority Phasing Plan
   -See G-2: Downtown Development Authority Project Location Map
   -See G-3: Typical Landscape Buffer for Residential to Commercial Zoning
   -See G-4: Typical Improvements for New Regions of the Proposed DDA

H. Estimated Cost of Development Within the Amended Downtown Development Area
   -See H: Preliminary Cost Estimates

I. Downtown Development Authority Estimate of the tax increment revenue for each year of the plan, along with the estimate of the captured assessed value
   -See I-1: Downtown Development Authority Capture Projections
AMENDMENT NO. 1 TO THE DEVELOPMENT AND TAX INCREMENT FINANCING PLAN FOR THE EATON RAPIDS DOWNTOWN DEVELOPMENT DISTRICT.

The City of Eaton Rapids Development and Tax Increment Financing Plan (the Plan) for the Eaton Rapids Downtown Development District was adopted pursuant to the provisions of the Downtown Development Authority Act, 1975 P.A. 197, as amended, (the Act) by the City of Eaton Rapids Downtown Development Authority and approved by the City of Eaton Rapids City Council (the City), pursuant to a Resolution adopted November 11, 1985. The Plan was extended by resolution of the City Council on October 22, 2001.

The Plan is hereby further amended by resolution of the Downtown Development Authority and by the City through adoption of City Ordinance No. ________________ on ________________, 200_ following notice to taxing jurisdictions and public hearing, all in conformance with requirements as set forth in the Act.
Introduction

2. The stated goal of the Downtown Development Authority is to reestablish and maintain the vitality of the central business district of the City of Eaton Rapids through the Development and Tax Increment Financing Plan adopted and amended by the City.

3. The goals of the Plan and the Act are to halt property value deterioration, to rehabilitate property which has become blighted, vacant, or functionally or economically obsolete, and to promote economic growth, business activity, and employment opportunities within the Downtown Development District.

NOW THEREFORE, in consideration of the foregoing, the Development and Tax Increment Financing Plan for the Eaton Rapids Downtown Development District is hereby amended as follows:

The establishment and operation of a Downtown Development District and a Development and Tax Increment Financing Plan is governed by the Downtown Development Authority Act, P.A. 197 of 1975, as amended. The original Plan adopted in 1985 is being rewritten by this amendment to conform with the latest amendment of the Act itself. Each element of the Act relevant to the plan is stated, followed by a response which addresses implementation or conformance with the element. The projections for revenue and the estimates of cost to implement the Plan are conservative. While the amended Plan recognizes past activities of the
original Plan, projections and cost estimates are provided for the future with 2002 serving as the base year for the area added to the original district. This amended Plan does not undo any of the existing commitments, requirements or captured millages which are included in the original unamended Plan.
SECTION 17 (2)(a)

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

The boundaries of the Downtown Development Area, as amended by this Plan, are shown on the attached Exhibit A-1.
SECTION 17(2)(b)

THE LOCATION AND EXTENT OF EXISTING STREETS AND OTHER PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA SHALL DESIGNATE THE LOCATION, CHARACTER, AND EXTENT OF THE CATEGORIES OF PUBLIC AND PRIVATE LAND USES THEN EXISTING AND PROPOSED FOR THE DEVELOPMENT AREA, INCLUDING RESIDENTIAL, RECREATIONAL, COMMERCIAL, INDUSTRIAL, EDUCATIONAL, AND OTHER USES, AND SHALL INCLUDE A LEGAL DESCRIPTION OF THE DEVELOPMENT AREA.

The location and extent of the existing streets and other public facilities are shown on the attached Exhibit A-1.

The location, character and extent of the categories of existing public and private land uses are shown on the attached Exhibit B1-4. This Exhibit takes into account those changes which were completed under the original Downtown Development Plan.

The location, character and extent of the categories of proposed public and private land uses are shown on attached Exhibit C-1.

The legal description of the amended Downtown Development Area is shown on attached Exhibit D-1.
SECTION 17(2)(c)

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

This amended Plan acknowledges that certain improvements have been made under the original plan. Those prior improvements are not detailed herein, however, are incorporated by reference. Only those demolitions, repairs, and alterations proposed under the amended Plan are described in detail. The proposals and estimated time of completion for each are described on attached Exhibit E(Non Applicable).
SECTION 17(2)(d)

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

This amended Plan incorporates by reference all improvements made under the original Plan. The location, extent, character, estimated cost, and estimated time required for completion for the improvements contemplated under the amended Plan, at this time, are described on attached Exhibits G-1, G-2, and H. It is to be noted that the improvements described on Exhibits G-1, G-2, and H are not meant to be restrictive nor exhaustive, as the Downtown Development Authority may exercise to the fullest extent the authority provided in Section 7 of the Act.
SECTION 17(2)(e)

A STATEMENT OF THE CONSTRUCTION PLANNED, AND THE ESTIMATED TIME OF COMPLETION OF EACH STAGE.

This amended Plan acknowledges construction which has been performed pursuant to the original Plan and incorporates those construction projects by reference. The additional construction planned and the estimated times of completion are detailed on attached Exhibits G-1, G-2, and H.
SECTION 17(2)(f)

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

Under the original Plan, certain areas within the Downtown Development Area were left as open space. Those areas are acknowledged and incorporated into the amended Plan by reference. A description of any parts of the Development Area to be left as open space and the use contemplated for the space is depicted on Exhibit F-1.
SECTION 17(2)(g)

A DESCRIPTION OF ANY PORTIONS OF THE DEVELOPMENT AREA THAT THE AUTHORITY DESIRES TO SELL, DONATE, EXCHANGE OR LEASE TO OR FROM THE MUNICIPALITY AND THE PROPOSED TERMS.

Under the original Plan, certain portions of the Downtown Development Area were transferred from the City of Eaton Rapids to the Downtown Development Authority. This amended Plan acknowledges and incorporates these transfers into this amended plan by reference. At this time, there have been no portions of the Downtown Development Area which have been identified to be transferred to or from the Downtown Development Authority. The Authority may from time to time elect to transfer property to/from the City of Eaton Rapids.
**SECTION 17(2)(h)**

**A DESCRIPTION OF DESIRED ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS, OR UTILITIES.**

The amended Plan does not contemplate any zoning changes, changes in streets, street levels, intersections, or utilities; however, the Downtown Development Authority may from time to time request or cause the above-mentioned changes to be made.
SECTION 17(2)(i)


Under the original Plan, there were certain improvements made within the Downtown Development Area. The resulting costs of the improvements were funded through a tax increment financing plan. Those costs, and the funding thereof, are acknowledged and incorporated into this amended Plan by reference. The estimated cost of the development proposed by this amended Plan is depicted on Exhibit H. The amended Plan proposes that the development cost be funded primarily by income from a tax increment financing plan, along with state and federal grants and other methods of financing allowable under the Downtown Development Authority Act, P.A. 1975, No. 197, as amended.
SECTION 17(2)(j)

DESIGNATION OF THE PERSON OR PERSONS, NATURAL OR CORPORATE, TO WHOM ALL OR A PORTION OF THE DEVELOPMENT IS TO BE LEASED, SOLD, OR CONVEYED IN ANY MANNER AND FOR WHOSE BENEFIT THE PROJECT IS BEING UNDERTAKEN, IF THAT INFORMATION IS AVAILABLE TO THE AUTHORITY.

At the time of the writing of this amended Plan, there has been no designated 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.
SECTION 17(2)(k)

THE PROCEDURES FOR BIDDING FOR THE LEASING, PURCHASING, OR CONVEYING IN ANY MANNER OF ALL OR A PORTION OF THE DEVELOPMENT UPON ITS COMPLETION, IF THERE IS NO EXPRESS OR IMPLIED AGREEMENT BETWEEN THE AUTHORITY AND PERSONS, NATURAL OR CORPORATE, THAT ALL OR A PORTION OF THE DEVELOPMENT WILL BE LEASED, SOLD, OR CONVEYED IN ANY MANNER TO THOSE PERSONS.

For the purposes of this amended Plan, the procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion shall be pursuant to the procedures in place for the City of Eaton Rapids at that time.
SECTION 17(2)(l)


This amended Plan does not contemplate the displacement or relocation of any individuals now residing within the Downtown Development Area.
SECTION 17(2)(m)

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

This amended Plan does not contemplate the displacement or relocation of any individuals now residing within the Downtown Development Area.
SECTION 17(2)(n)


This amended Plan does not contemplate the displacement or relocation of any individuals now residing within the Downtown Development Area.
SECTION 17(2)(o)

A PLAN FOR COMPLIANCE WITH ACT NO. 227 OF THE PUBLIC ACTS OF 1972, BEING SECTIONS 213.321 TO 213.332 OF THE MICHIGAN COMPIL ED LAWS.

This amended Plan does not contemplate the displacement or relocation of any individuals now residing within the Downtown Development Area.
SECTION 17(2)(p)

OTHER MATERIAL THAT THE AUTHORITY, LOCAL PUBLIC AGENCY, OR GOVERNING BODY CONSIDERS PERTINENT. A DESCRIPTION OF ANY PARTS OF THE DEVELOPMENT AREA TO BE LEFT AS OPEN SPACE AND THE USE CONTEMPLATED FOR THE SPACE.

The Plan is a living and dynamic Plan and as such may be amended from time to time pursuant to the Act then in effect. The Board may exercise its authority from time to time by implementing those projects and activities intended to further the purposes of the Plan and the Act.
Tax Increment Financing Plan

Tax increment financing is authorized pursuant to Section 11 (e) of the Downtown Development Act. Tax increment financing (TIF) provides funds for the improvements projects in the Development District. Improvements eligible for TIF funding include, acquisition and elimination of blighted buildings and necessary to make land useable for development, including streets, plazas, malls, parking, recreational facilities, and utility lines. Since only the growth in tax base (the captured assessed value) in the Downtown Development District 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 adoption of the original development plan. In addition, any taxes generated by the captured assessed value beyond the amount required by the development plan are returned each year to the taxing units.

The Justification of the tax increment financing procedure is based on the expectation that all or a portion of the “captured assessed value” which is created, following implementation of a Downtown 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 commercial tax base.

The initial taxable value for the original Downtown Development District is $2,188,600.00. This value is based on the 1985 tax year and remains unchanged for the purposes of this amended plan. The initial taxable value for the area added to the original District is $6,019,000.00. This
value is based on the 2002 tax year. The amount of tax increment revenue available for projects within the District is the product of the total of tax rates levied on property in the District for all units of government having taxing jurisdiction in the District times the projected increase in assessed valuation of the District. The Captured Assessed Value for the District (CAV) is the entire increase in assessed valuation in the District including the increased assessed valuation resulting solely from inflation. The Estimate of the tax increment revenue for each year of the plan, along with the estimate of the captured assessed value is shown on Exhibit I.

At the present time there are no plans to issue bonds in anticipation of collection of tax increment revenues to finance activities of the Development Plan. Should the City decide at any time in the future to issue bonds, it will do so pursuant to Section 16 of the Downtown Development Authority Act.

The duration of the Plan shall be until December 31, 2015 or earlier if the City determines that the Authority has completed the purposes for which it was established.
### Cost of Plan and Sources of Revenue

<table>
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<tr>
<th>Year</th>
<th>Proposed Plan Activity</th>
<th>Cost</th>
<th>Source of Funding</th>
<th>Amount</th>
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*See Exhibit G-1 for Proposed Phasing Plan*

*See Exhibit H for Preliminary Cost Estimates*

*See Exhibit I for Downtown Development Authority Estimate of the tax increment revenue for each year of the plan, along with the estimate of the captured assessed value*