Township of West Branch Downtown Development Authority
Amended Development Plan and Tax Increment Financing Plan

September 1, 2007

Downtown Development Authority
Steve Steinhauser, Supervisor
1705 S Fairview Rd
West Branch, MI 48661
(989) 345-5450
(989) 345-8419 Fax

Reviewed by:
Axe and Ecklund, P.C.
Suite 360
21 Kercheval Avenue
Grosse Pointe Farms, Michigan 48236
(313) 884-1550
## Table of Contents

**PART 1 – DEVELOPMENT PLAN**

<table>
<thead>
<tr>
<th>Introduction</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. The Designation of Boundaries of the Development Area in Relation to Highways, Streets, Streams, or Otherwise</td>
<td>1</td>
</tr>
<tr>
<td>B. The Location and Extent of Existing Streets and Other Public Facilities Within the Development Area and Designation of the Location, Character, and Extent of the Categories of Public and Private Land Uses Now Existing and Proposed for the Recreational, Commercial, Industrial, Educational, and Other Uses that Include a Legal Description of the Development Area</td>
<td>2</td>
</tr>
<tr>
<td>C. A Description of Existing Improvements in the Development Area to be Demolished, Repaired, or Altered; a Description of any Repairs and Alterations; and an Estimate of the Time Required for Completion</td>
<td>2</td>
</tr>
<tr>
<td>D. The Location, Extent, Character, and Estimated Costs of the Improvements, Including Rehabilitation, Contemplated for the Development Area and an Estimate of the Time Required for Completion</td>
<td>3</td>
</tr>
<tr>
<td>E. A Statement of the Construction or Stages of Construction Planned and the Estimated Time of Completion of Each Stage</td>
<td>5</td>
</tr>
<tr>
<td>F. A Description of Any Parts of the Development Area to be Left as Open Space and the Use Contemplated for the Space</td>
<td>5</td>
</tr>
<tr>
<td>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</td>
<td>5</td>
</tr>
<tr>
<td>H. A Description of Desired Zoning Changes and Changes in Streets, Street Levels, Intersections, and Utilities</td>
<td>5</td>
</tr>
<tr>
<td>I. An Estimate of the Cost of the Development, a Statement of the Proposed Method of Financing, and the Development and Ability of the Authority to Arrange the Financing</td>
<td>6</td>
</tr>
</tbody>
</table>
J. Designation of the Person or Persons, Natural or Corporate, to Whom All of a Portion of the Development is to be Leased, Sold, or Conveyed, in any Manner, and for While Benefit the Project is Being Undertaken if that Information is available to the Authority.

K. The Procedures for Bidding for the Leasing, Purchasing or Conveying, in any manner, or All or a Portion of the Development Upon its Completion, if there is no Express or implied Agreement between the Authority and Person, Natural or Corporate, the All or a Portion of the Development will be Leased, Sold, or Conveyed, in any Manner, to those Persons.

L. Estimates of the Number or Persons Residing in the Development Area and the Number of Families and Individuals to be Displaced (If Occupied, residences are Designated for Acquisition and Clearance by the Authority. A Development Plan shall include a Survey of the Families and Individuals to be Displaced, Including their Income and Racial Composition; a Statistical Description of the Housing Supply in the Community, Including the Number of Private and Public Units in Existence or Under Construction; the Condition of those in Existence; the Number of Owner-Occupied and Renter-Occupies Units; the Annual Rating of Turnover of the Various Types of Housing; the Range of Rents and Sale Prices; and estimate of the Total Demand for Housing in the Community; and the Estimated Capacity of Private and Public Housing Available to Displaced Families and Individuals).


N. Provision for the costs of Relocation Persons Displaced by the Development and Financial Assistance and Reimbursement.


P. Other Material that the Authority, Local Public Agency, or Governing Body Deems Pertinent.
PART 2 – TAX INCREMENT FINANCING PLAN

A. Detailed Explanation of the Tax Increment Procedure 10

B. Maximum Amount of Bonded Indebtedness to be Incurred 10

C. Duration of the Program 10

D. Statement of the Estimated Impact of Tax Increment Financing on the Assessed Values of all Taxing Jurisdictions in which the Development Area is Located 10

E. Statement as to Whether Plan Provides for the Use of Some or All of the Captured Value 11

F. Method for Excluding Growth in Property Value Resulting Solely from Inflation 11
LIST OF ILLUSTRATIONS

TABLE

1  2006 Current Millages and Township of West Branch DDA Potential Captured Revenue by Taxing Jurisdiction 12

2  School Capture Related to 1993 Bond Issue 16

3  Estimated Future DDA Issue 18

MAP

I  DDA Map Need to insert

II DDA Zoning Map Need to insert

APPENDIX

I  Bonded Indebtedness to be Incurred 17

II Impact of Tax Increment Financing 19

III Method for Excluding Growth 20
PART 1
DEVELOPMENT PLAN

Introduction

Township of West Branch is located in Ogemaw County in the Northeastern area of the lower Peninsula. The Township borders the City of West Branch on the southern, eastern and northern sides. The Township is primarily agricultural and forest land with moderate commercial development at specific locations. The area proposed for the Downtown Development Authority District is a mixture of agricultural, residential, commercial, light industrial, motel and limited designated park/recreation uses.

Major transportation routes bisect or border the Township including M-55, M-30, old M-76, I-75 and I-75 BL. The greatest concentration of commercial development has been along I-75 BL and M-55. The greatest concentration of residential development is along old M-76 (Alger Road) from Flowage Lake Road southerly to the Township line (Airport Road) and on the southwesterly portion of Flowage Lake.

The State Constitution and statutes limit the amount of property tax millage that townships can levy. General law townships are limited to one mill from the total 15 mills distributed among townships, the county, public schools and the intermediate school district. Other sources may be utilized such as User Fees, Fines, Special Assessments, voted additional millages and Grant Programs.

The State Legislature passed Act 197, PA of 1975 which allows townships to create a Downtown Development Authority (DDA). The need for creation of a DDA and Development Plan is the continuing development activity occurring in the proposed DDA area and to actively promote and obtain additional development for the benefit of the community.

There has been limited extension of public water and sewer service into the Township. To serve existing, as well as future development, these utilities need to be further extended. There needs to be improvements to existing road access as well as establishing new roads and streets. Provisions are needed for Park and Recreation facilities as well as for promotional/advertising activities. There also will be developed a master plan for the DDA area to guide and direct growth in an orderly manner.

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

Boundaries

The area to be included covers Sections 29, 32 and the E-1/2 of Section 33 north of I-75, T22N, R2E, Township of West Branch, Ogemaw County, Michigan.
The area is generally bounded by M-55 on the north (Section 29), on the east by Dam Road, on the south by the Township Line and I-75, on the west by the N-S-1/4 line of Section 31, on the north of Section 31 by Flowage Lake Road and on the west of Section 29 by the West Section line.

B.

The area is zoned Agricultural, Highway Service, Business, Limited Manufacturing, Conservancy and Resort Residential. Transportation access is provided by the following roads:

- Dam Road
- Flowage Lake Road
- Alger Road (old M-76)
- First Street
- Cook Road
- M-55
- I-75
- Refinery Road

The area is private land except for three parcels owned by the Township.

The legal description of the DDA area is as follows:
All property is located in T22N, R2E, Township of West Branch, Ogemaw County
Sec. 31 North of I-75
Sec. 29 South of M-55 except that portion within the City of West Branch
Sec. 32
East 1/2 of Sec. 30 North of I-75

Additional publicly owned land may be acquired for industrial/commercial parks, road rights-of-way, parks and recreation facilities and open spoil to protect and preserve wetlands and natural drainage courses. Existing zoning is shown on the Zoning Map attached in these plan documents.

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

There are no existing improvements that are proposed to be demolished, repaired or altered.
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

Proposed improvements within the Development Plan area include the following:

1. Water Mains

   Major truck mains are proposed for Flowage Lake Road, Alger Road, I-75 BL, M-55, Dam Road, a loop from Dam Rd. to I-75 BL, a loop from Flowage Lake Road to I-75 BL, and a loop from I-75 BL to Dam Road. Distribution lines are also proposed to provide service to all properties available for development. The estimated cost is $6,275,000 based on 2007 prices.

2. Sanitary Sewers

   Major trunk lines are proposed for Flowage Lake Road from First St. to Cook Rd., Flowage Lake Rd. from Alger Rd. to Airport Rd., M-55, I-75 BL from Cook Rd. to Flowage Lake Rd., Dam Rd. south of M-55, a loop from Dam Rd. to I-75 BL, Alger Rd. from existing sewer to Airport Rd. Collection lines are also proposed to provide service to all properties available for development. The estimated cost is $4,380,000 based on 2007 prices.

3. Roads

   Some new connecting routes and upgrading of existing roads is anticipated. New routes are from Flowage Lake Road/First St. to I-75 BL and from I-75 BL to Airport Road/Dam Road.

   Upgrading and rebuilding include Cook Road. From Flowage Lake Rd. To I-75 BL, Flowage Lake Road. From First St. to Alger Rd. and Dam Rd. south of M-55.

   Feeder streets from properties available for development to connect to primary streets, major trunk routes and State highways are also required.

   Improvements and new construction may include roads and shoulders, sidewalks, street lighting, storm sewers, curb and gutter and landscaping. The estimated cost is $4,920,000 based on 2007 prices.

4. Industrial/Commercial Parks

   It is contemplated that over time as growth and development occur, the DDA may find it necessary or desirable to establish one or more Industrial and/or Commercial Parks. This activity would encompass the platting process along with the required
infrastructure to support the developments. The estimated cost is $1,000,000 based on 2007 prices.

5. Parks, Recreation and Open Space

It is contemplated that to enhance the DDA area for quality of life that one or more areas should be set aside for park and recreation uses. There is currently within the DDA area publicly owned land of 37 acres. Additional development may also be accomplished at Flowage Lake and M-55.

The DDA area is served by three watercourses, Rifle River, Ogemaw Creek, and Eddy Creek. There are other natural drainage courses and a few wetland areas. All of these need to be preserved and protected as open space.

Also there are plans to build a Township Hall and Recreation Center.

The estimated cost is $1,000,000 based on 2007 prices.

6. Promotion, Advertising and Administration

It is contemplated that the DDA will be promoting, advertising and administering the availability of the area for growth and development as well as the necessary and required improvements within the DDA area. This activity would utilize those methods and techniques determined to be the most effective. The estimated cost is $1,500,000 based on 2007 prices.

7. Development Plan

To assist the Township to manage development and growth activities and prepare for infrastructure improvements to support them, a generalized master development plan would be established. The plan would evaluate existing topography, streets, utilities, drainage courses, wetlands and related items. It would develop an overall outline of how the Plan area could grow and to assist in planning specific projects and a timetable for completion. It would evaluate land that could or should not be developed. It would aid in planning for surface drainage needs.

The activity will be one of the initial activities undertaken. The estimated cost is $250,000 based on 2007 prices.

The above list is not exclusive nor are the costs fixed to each category. If growth and development indicate a shifting of effort between categories or if other needs to support growth and development become identified, the Development Plan is to be considered flexible and adjustable to incorporate these needs.
E. A STATEMENT OF THE CONSTRUCTION OR STAGES OF CONSTRUCTION PLANNED, AND THE ESTIMATED TIME OF COMPLETION OF EACH STAGE

Several projects involving water and sanitary sewer improvements have already been completed. Also some road improvements have been accomplished.

Subsequent phases of improvements will be undertaken as additional development occurs and requires utility services and financing sources are established. It is contemplated that bonding against TIFA revenues will be utilized to finance the improvements identified.

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

Within the development plan area there are surface drainage courses with some adjacent wetlands. These areas will be preserved in their existing condition.

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

All of the land except for the parcel previously identified is privately owned. Neither the Township nor the DDA anticipates purchasing private land for development except as needed for infrastructure improvements. If it were to happen, the land would be obtained for development of commercial and/or light industrial parcels that would be sold to developers and/or companies who will be establishing businesses. The public parcel is anticipated to remain in use for recreational/park purposes.

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

A substantial portion of the DDA area is already zoned for commercial/industrial development. Other areas currently zoned agriculture will remain as such until development interests desire to locate thereon. In such instances, zoning changes will be initiated by the developers. It is not anticipated that the Township will initiate any zoning changes except for commercial/industrial plat development.

All existing streets will continue in use. Some upgrading of capacity and condition may occur if development occurs necessitating such improvements. In addition, as the area does develop new primary roads will have to be constructed as shown on the Development Plan as well as feeder streets to the developing property.
Portions of the area are served with water and sanitary sewer. Beyond the phase I water program, additional extensions of water and/or sewer will depend on the development that occurs in the Area.

To service the proposed area as outlined on the map attached to this report, a system of sanitary sewers, water mains and elevated storage will be required. In addition, roads will be needed to access the area and provide connectors to the highways already servicing the area. Finally, one of the more important aids to guide development of the area is a Development Plan. This document would provide more specific details on the interceptor sewers and pump stations, transmission water mains and elevated storage and locations of connector roads. In addition, it would provide suggested land development concepts, potential industrial and commercial plats, identify areas unsuitable for development such as along Eddy Creek, suggested zoning changes and other related items. This Development Plan would be the more detailed guide to assist the Downtown Development Authority in directing and managing the growth and development of the area in an orderly manner.


Estimated costs are detailed previously and summarized in Table I. Potential financing sources may be one or more of the following:

1. Donations
2. Proceeds from an ad valorem tax up to 2 mills on real and tangible personal property not exempt by law
3. Bonding based on revenue receipts
4. Revenues from DDA facilities or property
5. Receipts from a tax increment financing plan (TIFA) for revenue bonds, general obligation bonds, tax revenue capture, etc.
6. Special assessments
7. Grants and other revenue sources approved by the Township Board

The DDA Board intends to pursue all possible sources of funding. They have ability to arrange such financing under authority of Section 11, PA 197 of 1975 as amended.

The Development Map indicates the area that proposed infrastructure will be needed. Based on 2007 prices, the estimated costs to implement these improvements are:
## Water System

Mains, Elevated Storage and Wells $6,275,000

## Sanitary Sewers

Interceptor and Collection Sewers and Pump Stations $4,380,000

## Connector Roads

Primary and Feeder Roads $4,920,000

## Subdivisions

Industrial and Commercial $1,000,000

## Parks, Recreation and Open Space

All types of Facilities $1,000,000

## Promotion, Advertising and Administration

All Types of Methods $1,500,000

## Development Plan

Guide for Development and Growth $250,000

**TOTAL** $19,325,000
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

No portion of the proposed infrastructure developments will be leased, sold or conveyed in any manner to any private entity. All proposed infrastructure developments will remain in the Township ownership.

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 NOT EXPRESS OR IMPLIED AGREEMENT BETWEEN THE AUTHORITY AND PERSON, NATURAL OR CORPORATE, THAT ALL OR A PORTION OF THE DEVELOPMENT WILL BE LEASED, SOLD, OR CONVEYED IN ANY MANNER TO THOSE PERSONS

No building procedures are necessary.


The number of persons in residential ownership is approximately 205. None of the proposed developments will displace nor relocate residential property.

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

Not Applicable.

N. PROVISION FOR THE COSTS OF RELOCATING PERSONS DISPLACED BY THE DEVELOPMENT AND FINANCIAL ASSISTANCE AND REIMBURSEMENT

Not Applicable.
0.
A PLAN FOR COMPLIANCE WITH ACT NO. 227 OF THE
PUBLIC ACTS OF 1972, BEING SECTIONS 213.312 TO 213.332
OF THE MICHIGAN COMPILED LAWS
Not Applicable.

P.
OTHER MATERIAL WHICH THE AUTHORITY, LOCAL PUBLIC AGENCY,
OR GOVERNING BODY DEEMS PERTINENT
Not Applicable.
PART II

A. DETAILED EXPLANATION OF TAX INCREMENT PROCEDURE

The establishment of the DDA District and Plan was done to support the existing commercial development and to encourage and stimulate further private investment. The proposed DDA programs are intended to work with these private sector developments to develop the economic and employment base in the community.

The Downtown Development Authority will utilize tax increment financing (TIF) along with all available grant programs to fund the proposed improvements to the District area.

The TIF concept utilizes capture, for a fixed period of time, all or a portion of the increased tax revenues resulting from new private investment. These revenues result from the application of tax rates and other political entities levying taxes. These include the county, the township, and the community college; also the intermediate school district, and the public school district (for existing bond debt issued prior to 1994). The revenues captured is that portion of the tax levy by all applicable taxing entities paid each year on real and personal property.

2007 current millages, Table I, identify the existing millage rates by each entity. The total is 11.4384 mills and the DDA proposes to capture 11.4384 mills. The DDA will continue to capture school millages in an amount to service the debt on the 1993 bond issue which is allowed under Act 197. These millages will not be captured once the bond issue is retired. (See Table II)

B. MAXIMUM AMOUNT OF BONDED INDEBTEDNESS

SEE APPENDIX I and TABLE III

C. DURATION OF THE PROGRAM

The Township of West Branch Downtown Development Authority is extending its program through December 31, 2031

D. STATEMENT OF THE ESTIMATED IMPACT OF TAX INCREMENT FINANCING ON THE ASSESSED VALUES OF ALL TAXING JURISDICTIONS IN WHICH THE DEVELOPMENT IS LOCATED

SEE APPENDIX II
E. STATEMENT AS TO WHETHER PLAN PROVIDES FOR THE USE OF SOME OR ALL OF THE CAPTURED VALUE

Captured assessed value is the amount in any one year for which the current assessed value within the DDA district exceeds the base year value. The base year value is the assessed value of all taxable properties with the District at the time the TIF is established. The base year is 1991. The tax revenues accruing from any increase in SEV above the base year assessed value may be used by the DDA for their programs.

The anticipated captured revenues for the period 2006-2031 is shown on Table I, page 1. The anticipated captured revenues by each political entity are shown in Table I, page 2-4.

Captured revenues will be assigned to proposed improvements within the DDA District Area. After the Phase I program is completed, additional improvements will be initiated based on the Master Plan and private sector development. In addition to the projected projects, disbursements will be made for program administration (reimburse seed money to Township, consulting services, supplies and materials, postage, newspaper, publications, and notices, DDA expenses, etc.), contingencies for projected projects and administrative costs for grant programs.

F. METHOD FOR EXCLUDING GROWTH IN PROPERTY VALUE RESULTING SOLEY FROM INFLATION

SEE APPENDIX III
APPENDIX I

MAXIMUM AMOUNT OF BONDED INDEBTEDNESS
TO BE INCURRED

The Authority intends to finance, in whole or in part, the projects identified in the Development Plan through the issuance of bonds. The bonds may be issued by the Authority, the Township, the County of Ogemaw, or by other public entities on behalf of the Authority. In any event, the Authority intends to use tax increment revenues to pay, directly or indirectly, the debt service on bonds issued to pay the costs of the improvements described in the development plan.

Additional bond issues may be necessary to implement the proposed projects and activities during the term of the plan. The cost estimates provided in sections of the Development Plan entitled “Proposed Improvements” and “Project Development Summary” do not include the cost of interest should they require bonding in order to complete. All bonding methods (i.e., revenue, general obligation, and tax increment) that might be employed are subject to the provisions of Act 197. All revenues of the DDA are committed to repaying the principal and interest on all the bonds issue, on a first priority basis. Any and all projects and activities of the DDA could benefit from the sale and use of bond proceeds. The proposed repayment schedule for a potential $375,000 in bonds has been calculated using expected revenues.

In the event the DDA, either itself or through the Township, is obligated to repay all or part of future bond issues, the commutative maximum indebtedness each year on one or more such issues will not exceed the total principal and interest amounts as allowed by law.
APPENDIX II

ESTIMATED IMPACT OF TAX INCREMENT FINANCING OF THE ASSESSED VALUES OF ALL TAXING JURISDICTIONS IN WHICH THE DEVELOPMENT IS LOCATED

The estimated valuation of each of the various entities set forth in Table I should be substantially increased as a result of the tax increment financing proposed. The installation of sanitary and storm sewers, water systems, road and other improvements proposed will permit a substantially larger development within the area of the Downtown Development Authority District than would otherwise occur without the financing.

While it is impossible to accurately predict the exact amount of new growth SEV which would occur without the tax increment financing, it is reasonable to assume that the increase would be no more than 25% without the proposed improvements which will be financed under the Development Plan.

If this estimate is accurate, the impact on each of the taxing jurisdictions within the Downtown Development Authority will be 25% of the amount shown each year for each taxing jurisdiction with the exception of the school districts which are only obligated for capture regarding the $1,400,000 1993 bond issue.
APPENDIX III

Property valuation increases solely from inflation are not included in the anticipated captured assessed value set forth in the Revenue Generation Table (see Table I). For the years beginning on December 31, 1992 the captured value for new real property assessed on the tax date beginning with that date shall not be increased above the initial assessed valuation unless improvements have been made to the property or unless property values in the Township have increased at a greater rate than the Consumer Price Index (CPI) for the past twelve months.