

CITY OF MUSKEGON, MICHIGAN

LAKESHORE SMARTZONE, DISTRICT 3 LOCAL DEVELOPMENT FINANCE AUTHORITY

DEVELOPMENT AND TAX INCREMENT FINANCING PLAN



March, 2002

CITY OF MUSKEGON, MICHIGAN

**LAKESHORE SMARTZONE, DISTRICT 3
LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF MUSKEGON**

DEVELOPMENT AND TAX INCREMENT FINANCING PLAN

Prepared for the:

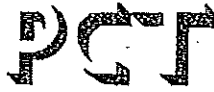
**City of Muskegon, Michigan
Lakeshore SmartZone District 3
Local Development Finance Authority**

**City Hall
933 Terrace Street
P.O. Box 536
Muskegon, Michigan 49443-0536**

Prepared by:

**Public Consulting Team
115 Main Street
Benton Harbor, Michigan
of the City of Muskegon**

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PUBLIC CONSULTING TEAM

February 28, 2002

Cathy Brubaker-Clarke
Director Community and Economic Development
City of Muskegon
City Hall
933 Terrace Street
P.O. Box 536
Muskegon, Michigan 49443-0536

Dear Ms. Brubaker-Clarke:

We are pleased to present the report entitled, **CITY OF MUSKEGON, LAKESHORE SMARTZONE, DISTRICT 3, LOCAL DEVELOPMENT FINANCE AUTHORITY, DEVELOPMENT AND TAX INCREMENT FINANCING PLAN**. This report has been prepared pursuant to the scope of services dated December 27, 2001. It contains a summary of proposed development anticipated to occur in the SmartZone, a list of expenses anticipated to be funded through tax increment financing and the increment revenue anticipated to be captured by the Local Development Finance Authority (LDFA) to fund identified expenses.

We have completed a review of the SmartZone application, projected revenues and estimated expenses of the LDFA. In preparing this document, we have consulted with City of Muskegon and Muskegon Area First personnel who have obtained information necessary for preparation of the document.

The document has been prepared to conform with Section 12 and 15 of P.A. 281 of 1976, as amended. These sections set forth legislative requirements for the Local Development Financing Authority, Development and Tax Increment Financing Plans and the process for approving the Plans.

You may reproduce this report for general circulation with appropriate reference to the firm, conditions and date of the report. We will be available to answer any questions you may have.
Sincerely,

Charles R. Eckenstahler

Director
Public Consulting Team

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SECTION ONE

INTRODUCTION

GENERAL OVERVIEW

The Michigan legislature in 1986, enacted Public Act 281 titled the *Local Development Financing Authority Act*. This legislation allows cities and other qualified local governments to form an authority to:

“encourage local development to prevent conditions of unemployment and promote economic growth; to provide for the establishment of local development finance authorities and to prescribe their powers and duties; to provide for the creation of a board to govern an authority and to prescribe its powers and duties; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; to prescribe powers and duties of certain public entities and state officers and agencies; to reimburse authorities for certain losses of tax increment revenues; and to authorize and permit the use of tax increment financing.”

Since adoption of this act, many cities and other qualified local governments have sought the use of a Local Development Finance Authority (LDFA) as a means to stimulate economic revitalization of selected geographic areas within their community.

An LDFA can establish a district within the City for which a plan is prepared identifying specific public and private improvements necessary to prevent, or correct, deterioration in the district and encourage new business investment. Funding for improvements identified in the plan is provided by tax increment financing through taxes paid on the increased value created within the district by new private investment.

For example, if the LDFA has a current taxable value of \$1,000,000 and new investment, because of implementation of the Plan, increases the taxable valuation to \$2,000,000, the LDFA would capture taxes paid on the new investment of \$1,000,000. While the LDFA would capture one-half of the total taxes paid, the taxes paid on the original \$1,000,000 tax valuation would be distributed to applicable taxing entities.

In application, investments made by the LDFA are funded by the increase in taxes paid by private investment in the district. The taxes paid on the original value of the district continue to be distributed to the applicable taxing entities. Thus in theory, no taxes are lost by any taxing entity because it is assumed that a specific business would not make the investment resulting in the increased tax base of the district, if not, for the implementation of the LDFA Development and Tax Increment Financing Plan.

POWERS OF THE AUTHORITY

Section 7 of the act provides a detailed explanation of the powers of the Board of Directors of the LDFA. These are as follows:

(a) Study and analyze unemployment, underemployment, and joblessness and the impact of growth upon the authority district or districts.

(b) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility.

(c) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, to promote the growth of the authority district or districts, and take the steps that are necessary to implement the plans to the fullest extent possible to create jobs, and promote economic growth.

(d) Implement any plan of development necessary to achieve the purposes of this act in accordance with the powers of the authority as granted by this act.

(e) Make and enter into contracts necessary or incidental to the exercise of the board's powers and the performance of its duties.

(f) Acquire by purchase or otherwise on terms and conditions and in a manner the authority considers proper, own or lease as lessor or lessee, convey, demolish, relocate, rehabilitate, or otherwise dispose of real or personal property, or rights or interests in that property, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect to the property.

(g) Improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, or operate a building, and any necessary or desirable appurtenances to a building, as provided in section 12(2) for the use, in whole or in part, of a public or private person or corporation, or a combination thereof.

(h) Fix, charge, and collect fees, rents, and charges for the use of a building or property or a part of a building or property under the board's control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority.

(i) Lease a building or property or part of a building or property under the board's control.

(j) Accept grants and donations of property, labor, or other things of value from a public or private source.

(k) Acquire and construct public facilities.

(l) Incur costs in connection with the performance of the board's authorized functions including, but not limited to, administrative costs, and architects, engineers, legal, and accounting fees.

(m) Plan, propose, and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972."

FORMATION OF THE AUTHORITY

Action of the City Commission formed the Lakeshore SmartZone, District 3, Local Development Finance Authority on November 20, 2001 (Resolution Number 2001-133 (c)) after a conducting a formal public hearing concerning the creation of the LDFA on August 28, 2001. The formation of the LDFA was duly recorded with the Michigan Department of State on November 29, 2001.

SCOPE OF THE ASSIGNMENT

Public Consulting Team was chosen to prepare the **Development and Tax Increment Financing Plan** according to the scope of services dated December 27, 2001. The objectives of the Scope of Services are to:

1. Work with City and Muskegon Area First personnel to identify specific programs and projects which are needed and should be funded via tax increment financing,

2. To project tax increment revenue for a 15-year period,
3. To prepare the Development and Tax Increment Financing Plan and assist in the public presentation of the document before adoption of the update is considered by the City Commission.

LIMITATIONS OF ANALYSIS

Public Consulting Team does not warrant estimated tax increment revenue, other program funding or project cost estimates. Cost estimates have been prepared using best available information obtained from City and Muskegon Area First personnel. While ever effort has been made to use the best information available for preparing tax revenue and cost projections, actual revenue and costs may vary from the stated estimate and the variation may be material. However, budgets and recommendations presented herein, represent the best judgment of the consulting team based on information gathered within the scope of this assignment.

SECTION TWO

DESCRIPTION OF THE SMARTZONE PROJECT

INTRODUCTION AND PROJECT DESCRIPTION

The purpose of this section is to summarize the proposed SmartZone development project. The goal of the Muskegon Lakeshore SmartZone is the development new business location sites where infrastructure can support businesses which focus on selected "core competencies" of energy and energy related technology plus their related products. State led national marketing of the sites to prospective businesses will be undertaken by the Michigan Economic Development Corporation in conjunction with similar efforts by Muskegon Area First.

On September 26, 2000 the City of Muskegon submitted an application for designation as a Michigan SmartZone. The City in partnership with Muskegon Area First, Grand Valley State University, and a private developers proposed to designate a 34-acre Muskegon lakefront site as the SmartZone.

Commitments were received from a wide rang of partners. Grand Valley State University has committed to staff and operate the Muskegon Technology Center, an educational and research facility within the Muskegon lakefront development. The University Padnos School of Engineering and Seidman School of Business will lease space to house R&D Labs, teleconferencing facilities, a business incubator, and offer educational programs and other business assistance programs. The University would also operate an Office of Technology to

transfer and privatize university research and advanced technology for private commercialization. A request has been made to the Michigan Economic Development Corporation to designate the center as a State Certified Technology Park.

Lakefront Development, L.L.C., a private real estate developer, has committed to develop and sell 16 building sites. Initially, one site will be sold for occupancy by an affiliated legal firm and another for the location of the Muskegon Technology Center. The City has committed to fund selected infrastructure improvements, make effort to secure state financial assistance for site development expenses and construction of the Technology Center building plus use tax increment financing for partial operation of the center and other eligible expenses related to the overall development.

The role of the City of Muskegon through the Lakeshore SmartZone, District 3, Local Development Finance Authority, is to construct the building necessary to house the Muskegon Technology Center. The City of Muskegon through other means is providing certain other infrastructure incentives in support of the development.

The building (Muskegon Technology Center) will house a business incubator and other high technology facilities meeting the definition of *business incubator* or *eligible property - high technology facility* found in Section 2 (g) and (p) respectively of Act 281 of 1986, as amended.

SUMMARY ANALYSIS OF CITY FINANCIAL COMMITMENTS

The City of Muskegon as part of the SmartZone has made several commitments. First, the City consented to apply for a State of Michigan Core Communities grant in the amount of \$1,000,000 to be used for the financing certain needed infrastructure and the Muskegon

Technology Center. To assist with the environmental clean-up of the Muskegon lakefront site, the City received a \$1,610,000 Clean Michigan Initiative grant.

The City, through the Local Development Financing Authority will fund several other site and building development costs and a portion of the operating costs of the Muskegon Technology Center. Additionally, it will create an endowment or reserve fund for the physical maintenance of the campus.

Anticipated project expenses to be funded by tax increment financing include:

TIF FINANCED PROJECT EXPENSES		
Item	Description	Estimated Cost
1	Building Construction Debt and Interest	\$12,402,317
2	Operation Pass-through and Capital Reserve	\$1,072,626
3	SmartZone Marketing	\$200,000
4 ⁽¹⁾	Future Infrastructure Development Reserve	\$0
	Total	\$13,674,943

Notes: ⁽¹⁾ This is a budget item for allocation of any TIF revenue proceeds in excess of current budget amounts for the express purpose of funding eligible activities required to induce private development unknown at the time of the adoption of this Plan.

SECTION THREE

DEVELOPMENT PLAN

LEGAL BASIS OF THE PLAN

This Development and Tax Increment Plan Update is prepared pursuant to requirements of Section 15 of the Local Development Financing Act, P.A. 281 of 1986, as amended. It addresses the Muskegon Lakeshore SmartZone site as defined by City Commission action on November 20, 2001 (Resolution Number 2001-133). A copy of the ordinance and legal description is contained in the appendix.

DEVELOPMENT PLAN REQUIREMENTS

This section of the Plan provides specific information required in Section 15 of the Local Development Financing Authority Act. It consists of responses to specific information requested in subsections 2(a) through 2(p), as follows:

Section 15. 2(a) A description of the property to which the plan applies in relation to the boundaries of the authority district and a legal description of the property.

The LDFA boundary is described in the legal description incorporated in the resolution adopted by City Commission November 20, 2001 (Resolution Number 2001-133), a copy of which is contained in the appendix. The site contains 34.2 acres of land with the common address of 700 Terrace Street, commonly referred to as the Teledyne Site.

The building (Muskegon Technology Center) will house a business incubator and other high technology facilities meeting the definition of *business incubator* or *eligible*

property - high technology facility found in Section 2 (g) and (p) respectively of Act 281 of 1986, as amended. The building will occupy the site labeled *Unit C*, illustrated on the site development plan contained in the appendix.

Section 15. 2(b) The designation of boundaries of the property to which the plan applies in relation to highways, streets, or otherwise.

A copy of the site development plan and Zoning Ordinance map prepared by the City Planning Commission is contained in the appendix. These two maps illustrate the relationship of the boundary to other relevant land uses and transportation routes surrounding the site.

Section 15. 2(c) The location and extent of existing streets and other public facilities in the vicinity of the property to which the plan applies; the location, character, and extent of the categories of public and private land uses then existing and proposed for the property to which the plan applies, including residential, recreational, commercial, industrial, educational, and other uses.

This Plan addresses only development needs within the 34 acre vacant and undeveloped SmartZone site. No off-site improvements are necessary. The LDFA will finance on-site sanitary sewer, storm sewer, water, street pavement, breakwater and abutting sidewalk, site landscaping and other amenities. The site plan provides for one residential (32 dwelling) development unit, three retail development units and 12 mixed-se office development units; one of which will house the public sponsored Muskegon Technology Center. Public spaces include a park, water-edge walkway, a bike/walk pathway at the southern edge of the site, internal public streets; including a landscaped auto/pedestrian way containing street art and related street furnishings. The LDFA will also construct the building to house the Muskegon Technology Center and partially fund operation of the center.

Section 15. 2(d) A description of public facilities to be acquired for the property to which the plan applies, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements.

Other than the contemplated construction, no other public facilities will be constructed or improved. A description, of all construction contemplated and financed by the LDFA is contained in Section Two and the table found at the end of this section, Section Three.

Construction will begin in 2003 and various phases of the construction will be completed during 2003 and 2004.

Section 15. 2(e) The location, extent, character, and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion.

A description, of all construction contemplated and financed by the LDFA is contained in Section Three of this Plan. Construction will begin in 2003 and be completed during 2003 and 2004. The Muskegon Technology Center is also scheduled to be constructed in this first phase.

Section 15. 2(f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

Construction is contemplated as three separate construction projects. Each is anticipated to be completed during 2003 and 2004, beginning with the construction of the breakwater and abutting sidewalk, internal street system and finally the southern bike/walk pathway.

Section 15. 2(g) A description of any portions of the property to which the plan applies, which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

The site is to be acquired by Lakefront Development, L.L.C., under the terms of a purchase agreement they have negotiated with Teledyne Corporation. Upon the development of the site and the LDFA will construct the Muskegon Technology Center of land donated to the LDFA by the developer. Subsequently, the LDFA will lease the building to Grand Valley State University.

Section 15. 2(h) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.

A Planned Unit Development for the Muskegon Lakeshore SmartZone site, received City Planning Commission approval in July 2000. The site has proper zoning for the proposed development. Required site engineering for the coordination of all street and on-site utilities has been accepted by applicable City Departments.

Section 15. 2(i) An estimate of the cost of the public facility or facilities, a statement of the proposed method of financing the public facility or facilities, and the ability of the authority to arrange the financing.

The LDFA anticipates construction of the Muskegon Technology Center, a 40,000 square foot multi-story building, to be leased to Grand Valley State University. The estimated cost for the building is \$4,000,000. The construction of the building will be financed by the LDFA through tax increment financing. The LDFA has solicited statements of interest and is assured of the LDFA's ability to secure financing for the proposed project.

Section 15. 2(j) Designation of the person or persons, natural or corporate, to whom all or a portion of the public facility or facilities is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority.

Lakeshore Development, L.L.C. will acquire from the Teledyne Corporation the 34 acre site and donate development site, Unit C, to the LDFA. All other development sites will be sold to other private concerns for the location of new businesses compatible with other SmartZone businesses, except for development site, Unit P, which will be developed or sold for the construction of residential condominium dwelling units.

Section 15. 2(k) The procedures for bidding for the leasing, purchasing, or conveying of all or a portion of the public facility or facilities 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 to those persons.

Representatives of the City of Muskegon, Muskegon Area First, Grand Valley State University, Michigan Economic Development Corporation and Lakeshore Development, L.L.C. have been involved in negotiations concerning the terms of land acquisition and other factors for the development for over three years. Development agreements between the City through the Local Development Financing Authority govern various transactions with these parties. Due to these agreements, there will be no public bidding procedures used for the sale or leasing of real estate or building occupancy.

Section 15. 2(l) Estimates of the number of persons residing on the property to which the plan applies 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-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an 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.

There are no residential properties nor homes located on the parcel. No relocation of families or individuals is contemplated within the scope of the Development and Tax Increment Financing Plan.

Section 15. 2(m) A plan for establishing priority for the relocation of persons displaced by the development.

No relocation of families or individuals is contemplated within the scope of the Development and Tax Increment Plan. Therefore, relocation plans are not required.

Section 15. 2(n) Provision for the costs of relocating persons displaced by the development, and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, 42 U.S.C. 4601 to 4655.

No relocation of families or individuals is contemplated within the scope of the Development and Tax Increment Financing Plan. Therefore, relocation plans are not required.

Section 15. 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 Compiled Laws.

No relocation of families or individuals is contemplated within the scope of this proposed Development and Tax Increment Financing Plan. Therefore, relocation plans are not required.

Section 15. 2(p) Other material which the authority, local public agency, or governing board considers pertinent.

No added information was deemed necessary for this update.

DEVELOPMENT & TAX INCREMENT FINANCING PLAN - SCHEDULE & BUDGET

On the following page is the Development and Tax Increment Financing Plan - Schedule and Budget. It describes specific projects. Accompanying each construction project is information concerning the implementation schedule, estimated cost and source of funding. The schedule begins in the Year 2003 and ends in the Year 2025.

If LDFA revenues exceed the anticipated needs of all projects contained the budget, excess revenue shall be remitted to respective taxing units in proportion to applicable tax millage rates imposed on property in the LDFA District, as required by the Act (Section 13 (2)).

CITY OF MUSKEGON LOCAL DEVELOPMENT FINANCE AUTHORITY DEVELOPMENT AND TAX INCREMENT FINANCING PLAN PERIOD OF 2003-2025				
PROJECT NUMBER	DESCRIPTION	COMPLETION DATE	ESTIMATED BUDGET	FINANCE METHOD
1	Repayment of Building Construction Debt and Interest Obligation	2008/2025	\$12,402,317	TIF Revenue
2	Operation Pass-through and Capital Reserve	2006/2025	\$1,072,626	TIF Revenue

PROJECT NUMBER	DESCRIPTION	COMPLETION DATE	ESTIMATED BUDGET	FINANCIAL METHOD
3	SmartZone Marketing	2004/8	\$200,000	TIF Revenue
4 ⁽¹⁾	Future Infrastructure Development Reserve	2004/2025	\$0	TIF Revenue
	TOTAL		\$13,674,943	

CITY OF MUSKEGON LOCAL DEVELOPMENT FINANCE AUTHORITY DEVELOPMENT AND TAX INCREMENT FINANCING PLAN PERIOD OF 2003 - 2025				
PROJECT NUMBER	DESCRIPTION	COMPLETION DATE	ESTIMATED BUDGET	FINANCE METHOD
Notes: (1) This is a budget item for allocation of any TIF revenue proceeds in excess of current budget amounts for the express purpose of funding eligible activities required to induce private development unknown at the time of the adoption of this Plan.				

SECTION FOUR

TAX INCREMENT FINANCING PLAN

BASE VALUATION AND ASSUMPTIONS

According to the City Assessor, the current valuation (2002) of the 34.2 acres site is \$557,134. The City Assessor has estimated the average annual increase of property values in the immediate area has paralleled the national inflation rate. New private development is projected to occur in accord with the schedule set forth in Tables 1 through 4. No consideration was given to personal property which may increase the property value of the district.

EXPENDITURES OF THE LDFA

Expenditure of the LDFA were discussed in the Development Plan and summarized in the table found on page 16. In addition to the expenditures listed, it is assumed the LDFA will incur approximately \$6,000,000 bonded indebtedness. Specification of this debt are depicted in Tables 1 through 4.

DURATION OF THE LDFA AND TAX INCREMENT FINANCING PLAN

The duration of the Development Plan and Tax Increment Financing Plan is conterminous with the SmartZone agreement between the City of Muskegon, Michigan Economic Development Corporation, and Grand Valley State University.

TAX INCREMENT FINANCING PLAN

The Local Downtown Financing Act, requires the LDFA to address several legislative requirements in the Tax Increment Financing Plan. These provide information about funds anticipated to be received by the LDFA and its impact upon taxing jurisdictions. These requirements are found in Section 12(a) through Section 12 (l) of the Act and states that *"if the board determines that it is necessary for the achievement of the purposes of this act, the board shall prepare and submit a tax increment financing plan to the governing body. The plan shall be in compliance with section 13 and shall include a development plan as provided in section 15."*

Specifically the Tax Increment Financing Plan must contain, information addressing the following:

(a) A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected. The reasons may include, but are not limited to, activities of the municipality, authority, or others undertaken before formulation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means.

The agreement between the City of Muskegon, Michigan Economic Development Corporation, Grand Valley State University and the private developer, Lakeshore Development, L.L.C. detail a complex incentive based development agreement. Neither party cited has the financial capacity to undertake the proposed project. As such the development would not occur if not for the collective individual commitment of all parties. There is no other means to undertake the proposed development.

(b) An estimate of the captured assessed value for each year of the plan. The plan may provide for the use of part or all of the captured assessed value or, subject to subsection (3), of the tax increment revenues attributable to the levy of any taxing jurisdiction, but the portion intended to be used shall be clearly stated in the plan. The board or the municipality creating the authority may exclude from captured

assessed value a percentage of captured assessed value as specified in the plan or growth in property value resulting solely from inflation. If excluded, the plan shall set forth the method for excluding growth in property value resulting solely from inflation.

See Tables -1 to 6.

(c) The estimated tax increment revenues for each year of the plan.

See Table -4.

(d) A detailed explanation of the tax increment procedure.

See Introduction Section of Development Plan (pages 1 and 2).

(e) The maximum amount of note or bonded indebtedness to be incurred, if any.

The amount of the bonded indebtedness will not exceed \$7,000,000.

(f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, and the amount of advances by others to be repaid from tax increment revenues.

The City of Muskegon and the LDFA have incurred planning and other start-up cost for the organization and formation of the LDFA and the preparation of this Development and Tax Increment Financing Plan. The LDFA does not contemplate reimbursing the City for these incurred costs from tax increment finalizing proceeds. The LDFA does not contemplate the use of Tax Increment financing proceeds for payment of any administrative cost incurred by the City.

(g) The costs of the plan anticipated to be paid from tax increment revenues as received.

See table of Page 16 titled, DEVELOPMENT AND TAX INCREMENT FINANCING PLAN.

(h) The duration of the development plan and the tax increment plan.

The duration of the Development Plan and Tax Increment Financing Plan is conterminous with the SmartZone agreement between the City of Muskegon, Michigan Economic Development Corporation, and Grand Valley State University.

- (i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is or is anticipated to be located.**

Upon designation of the Muskegon Technology Center and LDFA District as a "Certified Technology Park" by the Michigan Economic Development Corporation, the LDFA District authorized by the Plan contemplates the capture of all incremental real and personal property taxes levied within the LDFA District. See Table -1 through 4.

- (j) A legal description of the eligible property to which the tax increment financing plan applies or shall apply upon qualification as eligible property.**

See Appendix.

- (k) An estimate of the number of jobs to be created as a result of implementation of the tax increment financing plan.**

Muskegon Area First estimates that at full development total employment will exceed 1,000.

- (l) The proposed boundaries of a certified technology park to be created under an agreement proposed to be entered into pursuant to section 12a, an identification of the real property within the certified technology park to be included in the tax increment financing plan for purposes of determining tax increment revenues, and whether personal property located in the certified technology park is exempt from determining tax increment revenues.**

The boundary of the Certified Technology Park will be conterminous with the LDFA Financing District. The LDFA contemplates the capture of all incremental real and personal property taxes levied within the LDFA District

City of Muskegon Local Development Finance Authority
Projected Tax Increment Revenues and Debt Service Coverage
 Page 1 of 4

TABLE 1
HOMESTEAD PROPERTIES

Fiscal Years Ended or Ending December 31	Current Assessed Valuation		Initial Assessed Valuation		Captured Assessed Valuation		School Tax Rate Per \$1,000	Non-School Tax Rate Per \$1,000	School Tax Increment Revenues	Non-School Tax Increment Revenues
	Assessed Valuation	Valuation	Assessed Valuation	Valuation	Assessed Valuation	Valuation				
2003	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$21,2824 (2)	\$0	\$0
2004	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$21,2824	\$0	\$0
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$21,2824	\$0	\$0
2006	\$1,500,000	\$0	\$0	\$0	\$1,500,000	\$0	\$4,3921 (1)	\$21,2824	\$6,588	\$31,924
2007	\$3,675,000	\$0	\$0	\$0	\$3,675,000	\$0	\$4,3921	\$21,2824	\$16,141	\$78,213
2008	\$5,850,000	\$0	\$0	\$0	\$5,850,000	\$0	\$4,3921	\$21,2824	\$25,694	\$124,502
2009	\$6,525,000	\$0	\$0	\$0	\$6,525,000	\$0	\$4,3921	\$21,2824	\$28,656	\$138,868
2010	\$7,200,000	\$0	\$0	\$0	\$7,200,000	\$0	\$4,3921	\$21,2824	\$31,623	\$153,233
2011	\$7,875,000	\$0	\$0	\$0	\$7,875,000	\$0	\$4,3921	\$21,2824	\$34,588	\$167,599
2012	\$8,550,000	\$0	\$0	\$0	\$8,550,000	\$0	\$4,3921	\$21,2824	\$37,552	\$181,965
2013	\$9,225,000	\$0	\$0	\$0	\$9,225,000	\$0	\$4,3921	\$21,2824	\$40,517	\$196,330
2014	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2015	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2016	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2017	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2018	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2019	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2020	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$4,3921	\$21,2824	\$43,482	\$210,696
2021	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$0.0000	\$21,2824	\$0	\$210,696
2022	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$0.0000	\$21,2824	\$0	\$210,696
2023	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$0.0000	\$21,2824	\$0	\$210,696
2024	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$0.0000	\$21,2824	\$0	\$210,696
2025	\$9,900,000	\$0	\$0	\$0	\$9,900,000	\$0	\$0.0000	\$21,2824	\$0	\$210,696

(1) 50% of 2001 State Education and Muskegon Intermediate School District levies of 6.0000, 2.7842, and 18.0000 mills, respectively. Not assumed to change. LDFA can capture 50% of school levies (exclusive of debt) for a period not to exceed 15 years.
 (2) 2001 City of Muskegon, Muskegon County, Muskegon Community County and Hackley Library levies of 10.0792, 6.5799, 2.2233 and 2.4000 mills, respectively. Not assumed to change.
 Source: City of Muskegon

City of Muskegon Local Development Finance Authority
Projected Tax Increment Revenues and Debt Service Coverage

TABLE 2
NON-HOMESTEAD PROPERTIES

Fiscal Years Ended or Ending December 31	Current Assessed Valuation		Initial Assessed Valuation		Captured Assessed Valuation		School Tax Rate Per \$1,000	Non-School Tax Rate Per \$1,000	School Tax Increment Revenues	Non-School Tax Increment Revenues
	Current Assessed Valuation	Initial Assessed Valuation	Initial Assessed Valuation	Captured Assessed Valuation	Captured Assessed Valuation					
2003	\$557,134	\$557,134	\$557,134	\$0	\$0	\$0.0000	\$21,2824	(2)	\$0	\$0
2004	\$557,134	\$557,134	\$557,134	\$0	\$0	\$0.0000	\$21,2824		\$0	\$0
2005	\$557,134	\$557,134	\$557,134	\$0	\$0	\$0.0000	\$21,2824		\$0	\$0
2006	\$557,134	\$557,134	\$557,134	\$0	\$0	\$13.3921 (1)	\$21,2824		\$0	\$0
2007	\$557,134	\$557,134	\$557,134	\$0	\$0	\$13.3921	\$21,2824		\$0	\$0
2008	\$557,134	\$557,134	\$557,134	\$0	\$0	\$13.3921	\$21,2824		\$0	\$0
2009	\$557,134	\$557,134	\$557,134	\$0	\$0	\$13.3921	\$21,2824		\$0	\$0
2010	\$557,134	\$557,134	\$557,134	\$0	\$0	\$13.3921	\$21,2824		\$0	\$0
2011	\$557,134	\$557,134	\$557,134	\$0	\$0	\$13.3921	\$21,2824		\$0	\$0
2012	\$8,159,134	\$557,134	\$557,134	\$7,602,000	\$0	\$13.3921	\$21,2824		\$101,807	\$161,789
2013	\$12,028,634	\$557,134	\$557,134	\$11,471,500	\$0	\$13.3921	\$21,2824		\$153,627	\$244,141
2014	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2015	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2016	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2017	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2018	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2019	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2020	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$13.3921	\$21,2824		\$262,632	\$417,369
2021	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$0.0000	\$21,2824		\$0	\$417,369
2022	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$0.0000	\$21,2824		\$0	\$417,369
2023	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$0.0000	\$21,2824		\$0	\$417,369
2024	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$0.0000	\$21,2824		\$0	\$417,369
2025	\$20,168,134	\$557,134	\$557,134	\$19,611,000	\$0	\$0.0000	\$21,2824		\$0	\$417,369

(1) 50% of 2001 State Education, Muskegon Intermediate School District, and Muskegon Public Schools Operating levies of 6.0000, 2.7842, and 18.0000 mills, respectively. Not assumed to change. LDFA can capture 50% of school levies (exclusive of debt) for a period not to exceed 15 years.
(2) 2001 City of Muskegon, Muskegon County, Muskegon Community County and Hackley Library levies of 10.0792, 6.5799, 2.2233 and 2.4000 mills, respectively. Not assumed to change.
(3) Increase due to the expiration of an CEZ abatement and the return of the abated property to the ad valorem tax roll. See page 3 of 4.
Source: City of Muskegon

City of Muskegon Local Development Finance Authority

Projected Tax Increment Revenues and Debt Service Coverage

Page 3 of 4

TABLE 3

COMMERCIAL ENTERPRISE ZONES

Fiscal Years Ended or Ending December 31	Current Assessed Valuation		Initial Assessed Valuation		Captured Assessed Valuation		School Tax Rate Per \$1,000	Non-School Tax Rate Per \$1,000	School Tax Increment Revenues	Non-School Tax Increment Revenues
	Current Assessed Valuation	Initial Assessed Valuation	Initial Assessed Valuation	Captured Assessed Valuation	Captured Assessed Valuation					
2003	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412 (2)	\$0	\$0	
2004	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412	\$0	\$0	
2005	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412	\$0	\$0	
2006	\$7,602,000	\$0	\$0	\$0	\$7,602,000	\$6.9961	\$10.6412	\$0	\$0	
2007	\$11,471,500	\$0	\$0	\$0	\$11,471,500	\$6.9961 (1)	\$10.6412	\$50,903	\$80,894	
2008	\$19,611,000	\$0	\$0	\$0	\$19,611,000	\$6.9961	\$10.6412	\$76,814	\$122,071	
2009	\$19,611,000	\$0	\$0	\$0	\$19,611,000	\$6.9961	\$10.6412	\$131,316	\$208,685	
2010	\$19,611,000	\$0	\$0	\$0	\$19,611,000	\$6.9961	\$10.6412	\$131,316	\$208,685	
2011	\$19,611,000	\$0	\$0	\$0	\$19,611,000	\$6.9961	\$10.6412	\$131,316	\$208,685	
2012	\$12,009,000	\$0	\$0	\$0	\$12,009,000	\$6.9961	\$10.6412	\$80,413	\$127,790	
2013	\$8,139,500	\$0	\$0	\$0	\$8,139,500	\$6.9961	\$10.6412	\$54,502	\$86,614	
2014	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2015	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2016	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2017	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2018	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2019	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2020	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2021	\$0	\$0	\$0	\$0	\$0	\$6.9961	\$10.6412	\$0	\$0	
2022	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412	\$0	\$0	
2023	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412	\$0	\$0	
2024	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412	\$0	\$0	
2025	\$0	\$0	\$0	\$0	\$0	\$0.0000	\$10.6412	\$0	\$0	

(1) 25% of 2001 State Education, Muskegon Intermediate School District, and Muskegon Public Schools Operating levies of 6.0000, 2.7842, an 18.0000 mills, respectively. Not assumed to change. LDFA can capture 50% of school levies (exclusive of debt) for a period not to exceed 15 years.

(2) 50% of 2001 City of Muskegon, Muskegon County, Muskegon Community County and Hackley Library levies of 10.0792, 6.5799, 2.2233 and 2.4000 mills, respectively. Not assumed to change.

Source: City of Muskegon

TABLE 4

City of Muskegon Local Development Finance Authority
 Projected Tax Increment Revenues and Debt Service Coverage
 Page 4 of 4

Fiscal Years Ended or Ending December 31	Total		Total		Total Tax Increment Revenues	Principal	Interest Rate	Interest	Capitalized Interest	Total Debt Service on the Bonds		Verification of "1 to 5 Rule" Compliance	Coverage	Excess (Shortfall)
	School Tax Increment Revenues	Non-School Tax Increment Revenues	School Tax Increment Revenues	Non-School Tax Increment Revenues						Debt Service on the Bonds	Verification of "1 to 5 Rule" Compliance			
2003	\$0	\$0	\$0	\$0	\$0									\$0
2004	\$0	\$0	\$0	\$0	\$0									\$0
2005	\$57,492	\$112,818	\$170,310	\$0	\$170,310			\$284,332	(\$284,332)	\$0			1.00x	\$15,220
2006	\$92,955	\$200,283	\$293,238	\$0	\$293,238			\$310,180	(\$310,180)	\$0			1.00x	\$0
2007	\$157,010	\$333,187	\$490,197	\$0	\$490,197			\$310,180	(\$155,090)	\$155,090			1.03x	\$8,906
2008	\$159,975	\$347,552	\$507,527	\$0	\$507,527			\$302,553	(\$25,849)	\$0			1.10x	\$45,017
2009	\$162,939	\$361,918	\$524,857	\$135,000	\$659,857	5.65%	\$310,180	\$445,180	\$0	\$445,180			1.10x	\$49,974
2010	\$165,904	\$376,283	\$542,187	\$180,000	\$722,187	5.80%	\$293,563	\$473,563	\$0	\$473,563			1.11x	\$51,295
2011	\$219,772	\$471,543	\$691,316	\$205,000	\$896,316	6.10%	\$282,853	\$487,853	\$0	\$487,853			1.11x	\$54,335
2012	\$248,647	\$527,085	\$775,732	\$355,000	\$1,130,732	6.25%	\$270,348	\$625,348	\$0	\$625,348			1.11x	\$55,968
2013	\$306,114	\$628,065	\$934,179	\$455,000	\$1,389,179	6.40%	\$248,160	\$703,160	\$0	\$703,160			1.10x	\$72,572
2014	\$306,114	\$628,065	\$934,179	\$625,000	\$1,559,179	6.60%	\$219,040	\$844,040	\$0	\$844,040			1.11x	\$90,139
2015	\$306,114	\$628,065	\$934,179	\$385,105	\$1,319,284	7.00%	\$362,583	\$847,790	\$0	\$847,790			1.11x	\$86,389
2016	\$306,114	\$628,065	\$934,179	\$385,105	\$1,319,284	7.00%	\$362,583	\$847,790	\$0	\$847,790			1.10x	\$86,389
2017	\$306,114	\$628,065	\$934,179	\$385,105	\$1,319,284	7.00%	\$362,583	\$847,790	\$0	\$847,790			1.10x	\$86,389
2018	\$306,114	\$628,065	\$934,179	\$385,105	\$1,319,284	7.00%	\$362,583	\$847,790	\$0	\$847,790			1.10x	\$86,389
2019	\$306,114	\$628,065	\$934,179	\$385,105	\$1,319,284	7.00%	\$362,583	\$847,790	\$0	\$847,790			1.10x	\$86,389
2020	\$306,114	\$628,065	\$934,179	\$385,105	\$1,319,284	7.00%	\$362,583	\$847,790	\$0	\$847,790			1.10x	\$86,389
2021	\$0	\$628,065	\$628,065	\$390,000	\$1,018,065	7.60%	\$177,790	\$567,790	\$0	\$567,790			1.11x	\$60,275
2022	\$0	\$628,065	\$628,065	\$420,000	\$1,048,065	7.70%	\$148,150	\$568,150	\$0	\$568,150			1.11x	\$59,915
2023	\$0	\$628,065	\$628,065	\$450,000	\$1,078,065	7.80%	\$115,810	\$565,810	\$0	\$565,810			1.11x	\$62,255
2024	\$0	\$628,065	\$628,065	\$490,000	\$1,118,065	7.90%	\$80,710	\$570,710	\$0	\$570,710			1.10x	\$57,355
2025	\$0	\$628,065	\$628,065	\$525,000	\$1,153,065	8.00%	\$42,000	\$567,000	\$0	\$567,000			1.11x	\$61,065
	\$3,407,493	\$10,267,449	\$13,674,942	\$5,751,559	\$19,426,501		\$7426,208	\$12,402,317	(\$775,450)	\$12,402,317				\$1,272,626

Source: City of Muskegon

Capital Appreciation Bonds

City of Muskegon Local Development Finance Authority
SCHOOL TAXING JURISDICTION IMPACT ANALYSIS

TABLE 5

Fiscal Years ended or Ending December 31	Total Tax Increment Revenue	Taxing Unit See Note 1			Total
		State Education	Intermediate School District	Muskegon Public School	
2003	\$0	\$0	\$0	\$0	\$0
2004	\$0	\$0	\$0	\$0	\$0
2005	\$0	\$0	\$0	\$0	\$0
2006	\$57,492	\$12,879	\$5,976	\$38,636	\$57,492
2007	\$92,955	\$20,823	\$9,663	\$62,469	\$92,955
2008	\$157,010	\$35,172	\$16,321	\$105,517	\$157,010
2009	\$159,975	\$35,836	\$16,629	\$107,509	\$159,975
2010	\$162,939	\$36,501	\$16,937	\$109,501	\$162,939
2011	\$165,904	\$37,165	\$17,246	\$111,494	\$165,904
2012	\$219,772	\$49,232	\$22,845	\$147,695	\$219,772
2013	\$248,647	\$55,700	\$25,947	\$167,100	\$248,647
2014	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2015	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2016	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2017	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2018	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2019	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2020	\$306,114	\$68,574	\$31,820	\$205,720	\$306,114
2021	\$0	\$0	\$0	\$0	\$0
2022	\$0	\$0	\$0	\$0	\$0
2023	\$0	\$0	\$0	\$0	\$0
2024	\$0	\$0	\$0	\$0	\$0
2025	\$0	\$0	\$0	\$0	\$0
	<u>\$3,407,493</u>	<u>\$763,323</u>	<u>\$354,206</u>	<u>\$2,289,965</u>	<u>\$3,407,493</u>

(1) 50% of 2001 State Education, Muskegon Intermediate School District, and Muskegon Public Schools Operating levies of 6.0000, 2.7842, and 18.0000 mills, respectively. Not assumed to change. LDFA can capture 50% of school levies (exclusive of debt) for a period not to exceed 15 years.
(2) 2001 City of Muskegon, Muskegon County, Muskegon Community County and Hackley Library levies of 10.0792, 6.5799, 2.2233 and 2.4000 mills, respectively. Not assumed to change.

City of Muskegon Local Development Finance Authority
NON SCHOOL TAXING JURISDICTION IMPACT ANALYSIS

TABLE 6

Fiscal Years ended or Ending December 31	Total		Taxing Unit				Total
	Tax Increment Revenue	Muskegon City	Muskegon County	See Note 2 Muskegon Community	Hackley Library		
2003	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2004	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2005	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006	\$112,818	\$53,430	\$34,880	\$11,786	\$12,722	\$0	\$112,818
2007	\$200,283	\$94,853	\$61,922	\$20,923	\$22,585	\$0	\$200,283
2008	\$333,187	\$157,795	\$103,012	\$34,807	\$37,572	\$0	\$333,186
2009	\$347,552	\$164,598	\$107,453	\$36,308	\$39,192	\$0	\$347,552
2010	\$361,918	\$171,402	\$111,895	\$37,808	\$40,812	\$0	\$361,917
2011	\$376,283	\$178,205	\$116,336	\$39,309	\$42,432	\$0	\$376,283
2012	\$471,543	\$223,320	\$145,788	\$49,261	\$53,175	\$0	\$471,543
2013	\$527,085	\$249,624	\$162,959	\$55,063	\$59,438	\$0	\$527,084
2014	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2015	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2016	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2017	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2018	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2019	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2020	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2021	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2022	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2023	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2024	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
2025	\$628,065	\$297,447	\$194,179	\$65,612	\$70,825	\$0	\$628,064
	<u>\$10,267,449</u>	<u>\$4,862,592</u>	<u>\$3,174,398</u>	<u>\$1,072,610</u>	<u>\$1,157,829</u>		<u>\$10,267,429</u>

(1) 50% of 2001 State Education, Muskegon Intermediate School District, and Muskegon Public Schools Operating levies of 6,000, 2,7842, and 18,0000 mills, respectively. Not assumed to change. LDFA can capture 50% of school levies (exclusive of debt) for a period not to exceed 15 years.
(2) 2001 City of Muskegon, Muskegon County, Muskegon Community County and Hackley Library levies of 10,0792, 6,5799, 2,2233 and 2,4000 mills, respectively. Not assumed to change.

APPENDICES

1. District Boundary Map and Legal Description
2. Zoning Ordinance Map
3. Formation Ordinance
4. Notification Materials
5. Adoption Resolution

1



Engineering
 Surveying
 Testing

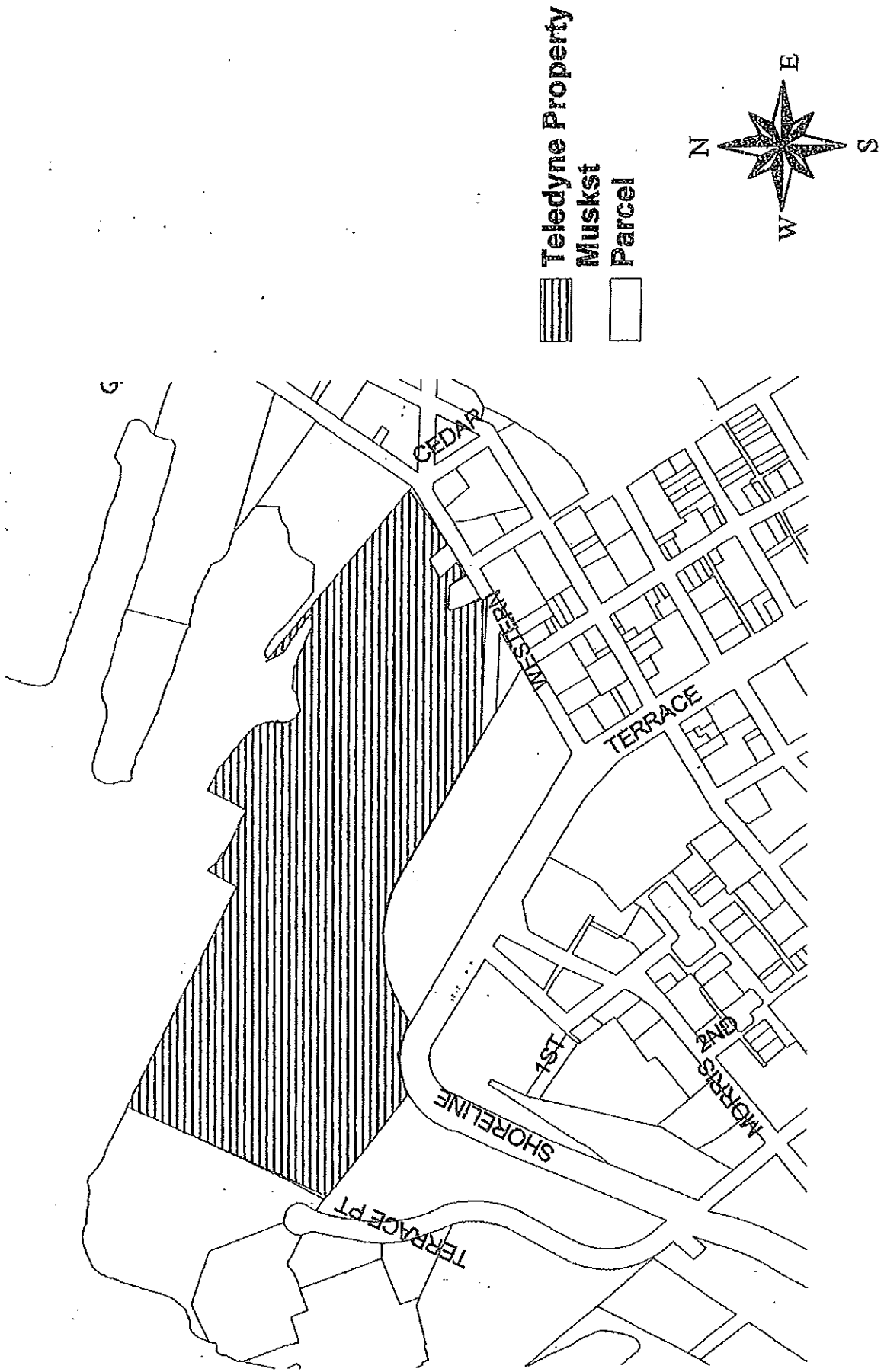
J990419
 9-28-99

Teledyne Property being purchased by Lakefront Development, LLC

Part of Blocks 554 and 558 of the Revised Plat of the City of Muskegon, as recorded in Liber 3 of Plats, Page 71, Muskegon County Records, described as follows: COMMENCING at the most Southerly corner of Block 556 of said plat; thence North 62 degrees 44 minutes 00 seconds West 1248.69 feet along the Northerly line of Terrace Street extended; thence Westerly 269.86 feet along said Northerly line on a 302.48 foot radius curve to the left, the chord of which bears North 88 degrees 17 minutes 30 seconds West 261.00 feet; thence North 46 degrees 09 minutes 15 seconds West 85.84 feet along the line between Lots 5 and 6 of said Block 558 to the TRUE PLACE OF BEGINNING, said point being on the Northerly line of that parcel of land taken by the City of Muskegon for the construction of Shoreline Drive, a pedestrian walkway and the relocation of the railroad right of way, (said Northerly line being described in Schedule A attached to City of Muskegon Resolution No. 98-87(f) and adopted by the City Commission on July 28, 1998); thence continuing along said line between Lots 5 and 6 of said Block 558, North 46 degrees 09 minutes 15 seconds West 448.41 feet; thence North 27 degrees 25 minutes 55 seconds East 850.00 feet to an intermediate traverse line along the shore of Muskegon Lake, said point being called "A", (said point "A" being approximately 85' from the waters edge of Muskegon Lake; (the following eight (8) calls being along said intermediate traverse line) thence South 65 degrees 45 minutes 16 seconds East 874.97 feet; thence North 26 degrees 49 minutes 35 seconds East 136.75 feet; thence South 63 degrees 46 minutes 08 seconds East 283.79 feet; thence North 29 degrees 04 minutes 15 seconds East 189.14 feet; thence South 60 degrees 19 minutes 21 seconds East 182.84 feet; thence South 26 degrees 40 minutes 26 seconds East 320.52 feet; thence North 86 degrees 15 minutes 34 seconds East 281.56 feet; thence South 50 degrees 57 minutes 54 seconds East 490.90 feet to a point on the Northerly line of said parcel taken by the City, said point being called "B"; thence Northeasterly 131.86 feet, along a 1272.34 foot radius curve to the left, the chord of which bears North 70 degrees 58 minutes 46 seconds East 131.80 feet to the Northeasterly line of said Block 554; thence Northwest along said Northeasterly line to the waters edge of Muskegon Lake; thence recommencing at said point "B"(the following seven (7) calls being along the Northerly line of said parcel taken by the City), thence Southwesterly 416.86 feet, along a 1272.34 foot radius curve to the right, the chord of which bears South 83 degrees 20 minutes 04 seconds West 415.00 feet; thence North 87 degrees 16 minutes 46 seconds West 904.15 feet; thence North 02 degrees 43 minutes 14 seconds East 55.00 feet; thence North 87 degrees 16 minutes 46 seconds West 120.00 feet; thence South 02 degrees 43 minutes 14 seconds West 55.00 feet; thence North 87 degrees 16 minutes 46 seconds West 222.59 feet; thence Southwesterly 635.15 feet, along a 803.25 foot radius curve to the left, the chord of which bears South 70 degrees 04 minutes 05 seconds West 618.73 feet to the place of beginning. Together with all lands lying between the intermediate traverse line and the waters edge of Muskegon Lake and the Northeasterly line of said Block 554. Containing 34.2 acres more or less. Together with and subject to easements of record.

*City of Muskegon, Lakeshore Smart Zone, District 3, Local Development Financing Authority
Development and Tax Increment Financing Plan - March 2002*

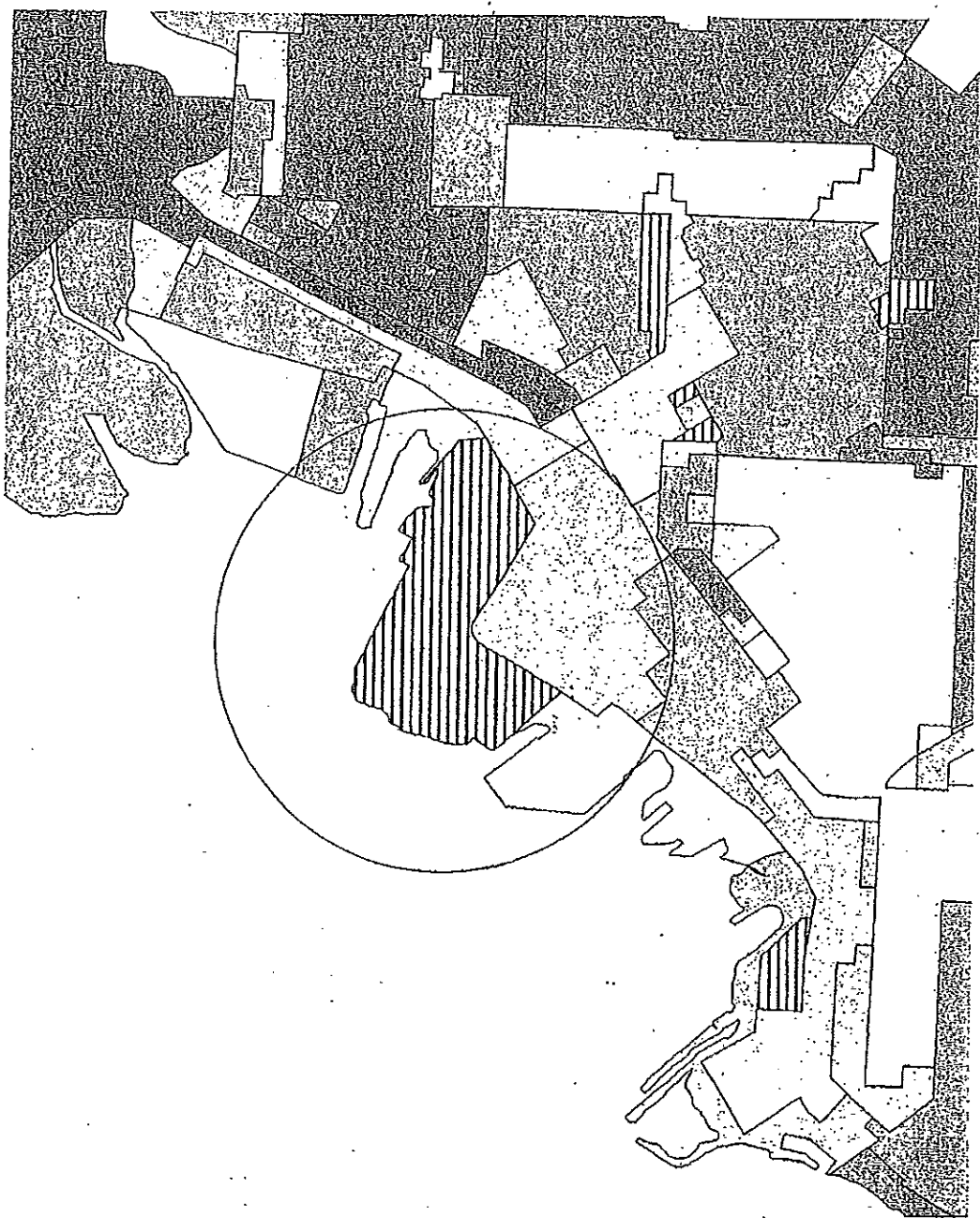
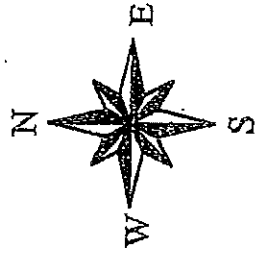
General Location of Muskegon Lakeshore SmartZone



Zoning Map

Zoning.shp

[Pattern]	B-1
[Pattern]	B-2
[Pattern]	B-3
[Pattern]	B-4
[Pattern]	B-5
[Pattern]	H
[Pattern]	I-1
[Pattern]	I-2
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4

RESOLUTION CREATING LDFA DISTRICT

2001-133(c)

Minutes of a regular meeting of the City Commission of the City of Muskegon, County of Muskegon, State of Michigan, held at the City Hall in said City on the 13th day of November, 2001, at 5:30 o'clock p.m. prevailing Eastern Time.

PRESENT: Members Shepherd, Spataro, Aslakson, Benedict, Buie,
Nielsen, Schweifler

ABSENT: Members None

The following preamble and resolution were offered by Member Spataro and supported by Member Schweifler:

WHEREAS, pursuant to the provisions of Act 281, Public Acts of Michigan, 1986, as amended ("Act 281") the City of Muskegon (the "City") created the Local Development Finance Authority of the City of Muskegon (the "Authority") by a resolution adopted by the City Commission (the "LDFA Resolution"); and

WHEREAS, the City Commission has decided to create a new district, the Muskegon Lakeshore SmartZone, District 3 ("District 3") within which the Authority exercises its powers (the "District"); and

WHEREAS, pursuant to Act 281 the City is required to hold a public hearing on the proposed establishment of District 3; and

WHEREAS, on August 28, 2001, the City Commission conducted a public hearing on the proposed establishment of District 3; and

WHEREAS, more than 60 days have elapsed since the public hearing and the City Clerk has not received any resolutions from a taxing unit subject to capture exempting its taxes from capture; and

WHEREAS, after consideration the City Commission has determined to approve the establishment of District 3.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Determination of Necessity. The City Commission hereby determines that it is necessary for the best interests of the City to create District 3 in order to eliminate the causes of unemployment, underemployment and joblessness and to promote economic growth in the City.

2. Designation of Boundaries of District. The boundaries of the District in which the Authority shall exercise its powers as provided in Act 281 shall consist of the territory of the

City described in Exhibit A (District 3) attached hereto and made a part hereof, subject to such changes as may hereinafter be made pursuant to Act 281.

3. Amendment of the LDFA Resolution; Conflict and Severability. The LDFA Resolution is hereby amended to incorporate the amended boundaries of the District as stated above and is otherwise ratified and confirmed as being in full force and effect. All other ordinances, resolutions and orders or parts thereof in conflict with the provisions of this resolution are to the extent of such conflict hereby repealed.

4. Publication, Recording and Filing. This resolution shall be published once after its adoption in full in the Muskegon Chronicle, a newspaper of general circulation in the City of Muskegon and the City Clerk shall file a certified copy of the resolution with the Michigan Secretary of State promptly after its adoption.

5. Effective Date. This resolution shall take effect immediately upon its publication.

CERTIFICATES

I hereby certify that the foregoing is a true and complete copy of a Resolution duly adopted by the City Commission of the City of Muskegon, County of Muskegon, State of Michigan, at a regular meeting held on November 13, 2001, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

I further certify that the following Members were present at said meeting Shepherd, Spataro, Aslakson, Benedict, Buie, Nielsen, Schweifler
And that the following Members were absent None

I further certify that Member Spataro moved adoption of said resolution and that Member Schweifler supported said motion.

I further certify that the following Members voted for adoption of said resolution Aslakson, Benedict, Buie, Nielsen, Schweifler, Shepherd, Spataro and that the following Members voted against adoption of said resolution None

Paul A. Kunderger
City Clerk

I hereby certify that the foregoing resolution received legal publication in the Muskegon Chronicle on November 22, 2001, and that a certified copy of the foregoing resolution was filed with the Michigan Secretary of State on November 16, 2001.

Paul A. Kunderger
City Clerk

EXHIBIT A

Description of Boundaries of District 3 (Muskegon Lakeshore SmartZone)

The boundaries of the proposed district as revised within which the local development finance authority shall exercise its powers are as follows:

Parcel Description:

Block 554, and Lots 6, 7 and 8 of Block 558, of the Revised Plat of the City of Muskegon, as recorded in Liber 3 of Plats, Page 71, Muskegon County Records, lying Northerly of a line described as: Commence at the intersection of the Northeasterly line of Terrace Street, being the Southwesterly line of Block 557 extended to the centerline of vacated Water Street; thence North $62^{\circ}44'00''$ West 381.45 feet along the northeasterly right of way line of Terrace Street; thence Westerly 269.86 Feet, along said northeasterly right of way line, said line being a 302.48 foot radius curve to the left with a central angle of $51^{\circ}07'00''$ and a chord which bears North $88^{\circ}17'30''$ West 261.00 feet, to the line between Lots 5 and 6 of said Block 558; thence North $46^{\circ}09'15''$ West 85.84 feet, along said line, to the PLACE OF BEGINNING OF THIS DESCRIPTION: Thence Northeasterly 635.15 feet along a 803.25 foot radius curve to the right, having a central angle of $45^{\circ}18'19''$ and a chord which bears North $70^{\circ}04'05''$ East 618.73 feet; thence South $87^{\circ}16'46''$ East 222.59 feet; thence North $02^{\circ}43'14''$ East 55.00 feet; thence South $87^{\circ}16'46''$ East 120.00 feet; thence South $02^{\circ}43'14''$ West 55.00 feet; thence South $87^{\circ}16'46''$ East 904.15 feet; thence Northeasterly 548.72 feet, along a 1272.34 foot radius curve to the left, having a central angle of $24^{\circ}42'35''$ and a chord which bears North $80^{\circ}21'56''$ East 544.48 feet to the place of ending.

EXCEPT THE FOLLOWING

Part of Block 558, commence at the intersection of the Northeasterly line of Terrace Street extended to the centerline of vacated Water Street; thence North 62 degrees 44 minutes 00 seconds West along the Northeasterly line of Terrace Street extended 381.45 feet; thence Westerly along the arc of a 302.48 foot radius curve to the left 269.86 feet to the line between Lots 5 and 6 of said Block 558 (long chord bears North 88 degrees 17 minutes 30 seconds West 261 feet); thence North 46 degrees 9 minutes 15 seconds West along said line between Lots 5 and 6, 534.25 feet to the place of beginning; thence North 27 degrees 25 minutes 55 seconds East 925.82 feet to a point referred to as Point "A"; thence continue North 27 degrees 25 minutes 55 seconds East 5 feet, more or less, to the shore of Muskegon Lake; thence Northwesterly and Southwesterly along the shore of Muskegon Lake 1350 feet, more or less; thence South 46 degrees 9 minutes 15 seconds East along said line between Lots 5 and 6, 820 feet, more or less, to the place of beginning.

Property Commonly Known As: Former Teledyne Continental Motors Site

DELIB:2247223.1\063684-00024

**RESOLUTION APPROVING
DEVELOPMENT AND TAX INCREMENT FINANCING PLAN
(DISTRICT 3 – MUSKEGON LAKESHORE SMARTZONE)**

City of Muskegon
County of Muskegon, State of Michigan

Minutes of a regular meeting of the City Commission of the City of Muskegon, County of Muskegon, State of Michigan (the "City") held in the City Hall in the City, on the 14th day of May, 2002, at 5:30 o'clock p.m. Eastern Daylight Time.

PRESENT: Commissioners Gawron, Buie, Warmington, Larson, Schweifler,
Shepherd, and Spataro

ABSENT: Commissioners None

The following preamble and resolution were offered by Commissioner Schweifler and seconded by Commissioner Buie.

WHEREAS, the Local Development Finance Authority of the City of Muskegon (the "Authority") has prepared and recommended for approval a Development and Tax Increment Financing Plan for District 3 – Muskegon Lakeshore SmartZone (the "Plan"); and

WHEREAS on May 14, 2002, the City Commission held a public hearing on the Plan pursuant to Act 281, Public Acts of Michigan, 1986 (the "Act"); and

WHEREAS the City Commission has given the taxing jurisdictions within the District (hereinafter defined) an opportunity to meet with the City Commission and to express their views and recommendations regarding the Plan, as required by the Act.

NOW, THEREFORE, BE IT RESOLVED, THAT:

1. Definitions. Where used in this Resolution the terms set forth below shall have the following meaning unless the context clearly requires otherwise:

"Base Year Assessment Roll" means the base year assessment roll prepared by the City Assessor in accordance with this Resolution.

"Captured Assessed Value" shall have the meaning described in the Act.

"District" means the district described in the Plan.

"Initial Assessed Value" shall have the meaning described in the Act.

"Plan" means the "Development and Tax Increment Financing Plan" prepared by the

Authority, as transmitted to the City Commission by the Authority for public hearing, confirmed by this resolution, copies of which Plan are on file in the office of the City Clerk.

“Taxing Jurisdiction” shall mean each unit of government levying an ad valorem property tax within the District.

“Local Development Finance Authority”, “LDFA” or “Authority” means the Local Development Finance Authority of the City of Muskegon.

2. Review Considerations. As required by the Act the Commission has in reviewing the Plan taken into account the following considerations:

(a) The Development Plan included in the Plan meets the requirements set forth in section 15(2) of the Act and the Tax Increment Financing Plan included in the Plan meets the requirements set forth in section 12(1), (2) and (3) of the Act.

(b) The proposed method of financing the public facilities is feasible and the Authority has the ability to arrange the financing.

(c) The development is reasonable and necessary to carry out the purposes of the Act.

(d) The amount of Captured Assessed Value estimated to result from adoption of the Plan is reasonable.

(e) The land to be acquired under the Development Plan, if any, is reasonably necessary to carry out the purposes of the Plan and the purposes of the Act.

(f) The Development Plan is in reasonable accord with the master plan of the City.

(g) Public services, such as fire and police protection and utilities, are or will be adequate to service the property described in the Development Plan.

(h) Changes in zoning, streets, street levels, intersections, and utilities, to the extent required by the Plan, are reasonably necessary for the project and for the City.

3. Public Purpose. The City Commission hereby determines that the Plan constitutes a public purpose.

4. Best Interest of the Public. The City Commission hereby determines that it is in the best interests of the public to eliminate the conditions of unemployment, underemployment, and joblessness and to promote economic growth in the City to proceed with the Plan.

5. Approval and Adoption of Plan. The Plan as submitted by the Authority is hereby approved and adopted. A copy of the Plan and all amendments thereto shall be maintained on file in the City Clerk’s office.

6. Preparation of Base Year Assessment Roll.

(a) Within 60 days of the adoption of this Resolution, the City Assessor shall prepare the initial Base Year Assessment Roll for all of the real and personal property within the District. The initial Base Year Assessment Roll shall list each Taxing Jurisdiction in the District on the effective date of this Resolution and the amount of tax revenue derived by each Taxing Jurisdiction from ad valorem taxes on all of the real and personal property within the District, excluding millage specifically levied for the payment of principal and interest of obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit.

(b) The City Assessor shall transmit copies of the initial Base Year Assessment Roll to the City Treasurer, County Treasurer, Authority and each Taxing Jurisdiction which will have Tax Increment Revenues captured by the Authority, together with a notice that the Base Year Assessment Roll has been prepared in accordance with this Resolution and the tax increment financing plan contained in the Plan approved by this Resolution.

7. Preparation of Annual Base Year Assessment Roll. Each year within 15 days following the final equalization of property in the Project Area, the City Assessor shall prepare an updated Base Year Assessment Roll. The updated Base Year Assessment Roll shall show the information required in the initial Base Year Assessment Roll and, in addition, the Tax Increment Revenues for all of the real and personal property within the District for that year. Copies of the annual Base Year Assessment Roll shall be transmitted by the Assessor to the same persons as the initial Base Year Assessment Roll, together with a notice that it has been prepared in accordance with the Plan.

8. Establishment of Project Fund; Approval of Depository. The Treasurer of the Authority shall establish a separate fund which shall be kept in a depository bank account or accounts in a bank or banks approved by the Treasurer of the City, to be designated Local Development Finance Authority Project Fund. All moneys received by the Authority pursuant to the Plan shall be deposited in the Project Fund. All moneys in the Project Fund and earnings thereon shall be used only in accordance with the Plan.

9. Payment of Tax Increment Revenues to Authority. The City Treasurer and the County Treasurer shall, as ad valorem taxes are collected on for all of the real and personal property within the District, pay the Tax Increment Revenues, as defined in the Act, to the treasurer of the Authority for deposit in the Project Fund. The payments shall be made on the date or dates on which the City Treasurer and the County Treasurer are required to remit taxes to each of the Taxing Jurisdictions.

10. Annual Report. Within 90 days after the end of each fiscal year, the Authority shall submit to the City Council and the State Tax Commission, a report on the status of the tax increment financing plan. The report shall include the amount and source of tax increment revenues received, the amount in any Bond Reserve Account, the amount and purpose of expenditures of tax increment revenues, the amount of principal and interest on any outstanding bonded indebtedness of the Authority, the Initial Assessed Value for all of the real and personal property within the District, the Captured Assessed Value for all of the real and personal

property within the District retained by the Authority, the number of jobs created as a result of the implementation of the Plan and any additional information requested by the City Council or the State Tax Commission deemed appropriate by the Authority.

11. Refund of Surplus Tax Increments. Annual tax increment revenues in excess of estimated tax increment revenues or the actual costs of the Plan to be paid by tax increment revenues may be retained by the Authority only for purposes that by resolution of the Authority's Board are determined to further the development program in accordance with the Plan. Any surplus money in the Project Fund at the end of a year, as shown by the annual report of the Authority, shall be paid by the Authority to the City Treasurer or the County Treasurer, as shown by the annual report of the Authority, as the case may be, and rebated by each to the appropriate Taxing Jurisdiction.

12. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of the Plan are to the extent of such conflict hereby repealed, and each section of the Plan and each subdivision of any section thereof is hereby declared to be independent, and the finding or holding of any section or subdivision thereof to be invalid or void shall not be deemed or held to affect the validity of any other section or subdivision of the Plan.

13. Repealer. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

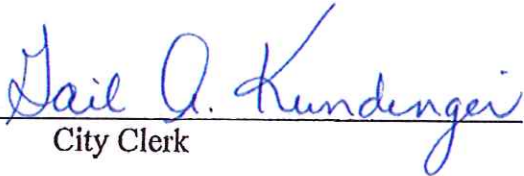
AYES: Commissioners Spataro, Warmington, Buie, Gawron, Larson,
Schweifler, and Shepherd

NAYS: Commissioners None

RESOLUTION DECLARED ADOPTED.


City Clerk

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Commission of the City of Muskegon, County of Muskegon, State of Michigan at a regular meeting held on May 14, 2002, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.



City Clerk