

City of Houghton
County of Houghton, Michigan

ORDINANCE NO. 99-124 APPROVING
AMENDMENT TO DEVELOPMENT AND
TAX INCREMENT FINANCE PLAN
OF THE DOWNTOWN DEVELOPMENT AUTHORITY

WHEREAS, pursuant to the provisions of Act 197, Public Acts of Michigan, 1975, as amended ("Act 197"), the City Council of the City of Houghton (the "City") has previously established the Houghton Downtown Development Authority (the "Authority") which exercises its powers for the Development Area (the "Development Area") within the Downtown District designated by the City Council (the "District"); and

WHEREAS, in compliance with the provisions of Act 197, the Authority has prepared and submitted to City Council the Amendment to the Development and Tax Increment Financing Plan (the "Amendment to Plan") attached hereto as Exhibit A; and

WHEREAS, in compliance with the provisions of Act 197, not less than 20% of the adult resident population of the development area petitioned City Council requesting elimination of the development area citizens council, and City Council adopted Ordinance No. 51 determining that no need existed to establish a development area citizens council; and

WHEREAS, in compliance with the provisions of Act 197, on July 28, 1999, the City Council held a public hearing on the Amendment to Plan; and,

WHEREAS the City Council has given the taxing jurisdictions levying taxes subject to capture to meet with the City Council and to express their views and recommendations regarding the Amendment to Plan, as required by Act 197.

NOW, THEREFORE, THE CITY OF HOUGHTON ORDAINS:

1. Findings.
 - (a) The Tax Increment Finance and Development Plan as amended by the Amendment to Plan and this Ordinance meets the requirements set forth in section 17(2) of Act 197 and the requirements set forth in section 14(1) of Act 197.
 - (b) The proposed method of financing the development 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 Act 197.

(d) Any land included within the Development Area to be acquired is reasonably necessary to carry out the purposes of Act 197 in an efficient and economically satisfactory manner.

(e) The Development and Tax Increment Financing Plan as amended is in reasonable accord with the master plan of the City.

(f) Public services, such as fire and police protection and utilities, are or will be adequate to service the Development Area.

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

2. Public Purpose. The City Council hereby determines that the Plan as amended by the Amendment to Plan constitutes a public purpose.

3. Best Interest of the Public. The City Council hereby determines that it is in the best interests of the public to halt property value deterioration, increase property tax valuation, eliminate the causes of the deterioration in property values, to promote growth in the Downtown District, and, to those ends, to proceed with the Plan as amended by the Amendment to Plan and this Ordinance.

4. Approval and Adoption of Amendment to the Plan. The Amendment to Plan is hereby amended by the Tables Projecting Tax Increment Revenues attached as Exhibit B. The Amendment to Plan is hereby approved and adopted with the Tables Projecting Tax Increment Revenues attached. The City Council hereby ratifies and confirms that the projects listed on Exhibit C attached hereto and made part hereof were either determined as necessary for the DDA or included in the Plan at the time that the projects were financed and constructed, and are hereby determined as necessary for the DDA and included as a part of the Plan as amended by the Amendment to Plan. A copy of the Plan, the Amendment to Plan and all later amendments thereto shall be maintained on file in the City Clerk's office.

5. Conflict and Severability. All ordinances, resolutions and orders or parts thereof in conflict with the provisions of the Ordinance are to the extent of such conflict hereby repealed, and each section of the Ordinance 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 Ordinance.

6. Paragraph Headings. The paragraph headings in this Ordinance are furnished for convenience of reference only and shall not be considered to be a part of the Ordinance.

7. Recordation. This Ordinance shall be recorded in the Ordinance Book of the City, which recording shall be authenticated by the signature of the City Clerk.

8. Effective Date. This Ordinance is hereby determined by the City Council to be immediately necessary for the interests of the City and shall be in full force and effect from and after its passage and publication as required by law.

Passed and adopted by the City Council of the City of Houghton, County of Houghton, State of Michigan, on August 11, 1999, and approved by the Mayor on August 11, 1999.

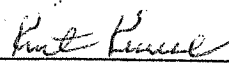
I hereby certify that the foregoing is a true and complete copy of a Ordinance adopted by the City Council of the City of Houghton, Houghton County, Michigan, at a Regular meeting held at 5:30 p.m. prevailing Eastern Time on August 11, 1999 and that said meeting was conducted and public notice of said 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 267.

If this meeting was a Special Meeting, I further certify that notice of said Special meeting was given to each member of the Council in accordance with the rules of procedure of the Council.

I further certify that the following members were present at said meeting Blumhardt, Peterson, Backon, Love, Chappell, Guitar and that the following members were absent Merz.

I further certify that member Peterson moved adoption of said Ordinance, and that said motion was supported by Member Love.

I further certify that the following members voted for adoption of said Ordinance Peterson, Love, Backon, Blumhardt, Guitar, Chappell and that the following members voted against adoption of said Ordinance None.



City Clerk

Exhibit A

Amendments to Development and
Tax Increment Financing Plan of the
Houghton Downtown Development District

1. Part I.B. of the Tax Increment Financing Plan is amended to read as follows:

- B. Tax Increment Financing Procedure.

Tax increment financing permits the Authority to capture tax revenues attributable to increases in the value of real and personal property resulting from implementation of a Development Plan. The Tax Increment Finance Procedure is governed by Act 197 of the Public Acts of 1975, as amended. These procedures outlined below are effective as of the date this Tax Increment Financing Plan is adopted, but are subject to any changes imposed by future amendments to Act 197.

At the time the Tax Increment Financing Plan was initially approved by the City Council (April 20, 1983 by Ordinance No. 53), the value of the property within the boundaries of the Authority's initial Development Area was established as the state equalized value of that area for 1982 levies. The value of property within the area being added to the Authority's Development Area by the 1999 amendment to the Tax Increment Financing Plan will have an initial assessed value established as the taxable value of that additional area for 1999 levies (together with the state equalized value of the initial Development Area, the "Initial Assessed Value").

In each subsequent year for the duration of the tax increment financing plan, the "Current Assessed Value" of property within the Development Area is determined. The Current Assessed Value for each year is the Taxable Value of the taxable property within the Development Area for that year.

The amount by which the Current Assessed Value exceeds the Initial Assessed Value of the Development in any one year is the "Captured Assessed Value." For the duration of the tax increment financing plan, the taxing jurisdictions will continue to receive tax revenues based upon the Initial Assessed Value. The Authority, however, (subject to exemptions contained in this Tax Increment Financing Plan and the provisions of any agreements for the sharing of Captured Assessed Value,) receives each year the following amounts ("Tax Increment Revenues"):

(i) That portion of the ad valorem tax levy of all taxing jurisdictions on the Captured Assessed Value of the Development Area, other than the State, local school district and intermediate school district tax levies, and specific local taxes attributable to such ad valorem property taxes.

(ii) Ad valorem tax levies, and specific local taxes attributable to such ad valorem tax levies, of the State, local school districts and intermediate school district on the Captured Assessed Value of the Development Area in an amount equal to the amount necessary to repay eligible advances, eligible obligations and other protected obligations, as defined by Act 198.

City or County taxes voted after April 20, 1983 for special purposes, or levied for purposes repaying obligations approved by the electors after April 20, 1983 or obligations pledging the unlimited taxing power of the City or County that were issued after April 20, 1983 are exempt from capture under this Tax Increment Financing Plan.

2. The first paragraph of Part I.B. of the Tax Increment Financing Plan is amended to read as follows:

C. Bonded Indebtedness to be Incurred.

All costs of the projects identified in the Development Plan may be financed by one or more series of bonds issued by the City or the Authority and payable from Tax Increment Revenues. In addition, the principal amount of bonds issued for the costs of a project identified in the Development Plan and payable from Tax Increment Revenues may include amounts to fund reserves, costs of issuance and capitalized interest.

3. Part I.E. of the Tax Increment Financing Plan is amended to read as follows:

E. Duration of the Tax Increment Plan.

The Tax Increment Financing Plan shall be effective for all levies made before December 31, 2012 or until the principal and interest on any outstanding obligation or liability payable from tax increment revenues have been paid or sufficient funds have been segregated to fully make those payments when due, whichever is the later date. The Tax Increment Financing Plan's duration may be extended by amendment or modification in the event that projected revenues are insufficient to enable full implementation of the Development Plan or other circumstances prevent full implementation of the Development Plan during the period the Tax Increment Financing Plan is effective. The Development Plan shall be effective until the purposes for which it was established have been accomplished.

4. Part II.A. of the Development Plan is amended to read as follows:

A. Designation of Boundaries of the Development Area in Relation to Highways, Streets, Portage Lake and Boundaries.

The Development Area is a rectangular shape area bounded by the east end of Franklin Square on the east, Portage Lake on the north, the City limits on the west, and a southern boundary 100 feet north of South Avenue extended from the western City limits to Fifth Street, the north right of way from Fifth Street to Third Street, 100 feet north of Houghton Avenue from Third Street to Bridge Street, the north right of way of South Avenue from Bridge Street to Dodge Street, 100 feet north of Houghton Avenue from Dodge Street to Isle Royale Street, and the north right of way of Montezuma Avenue from Isle Royale Street to the east end of Franklin Square. Exhibit 2 contains a map showing the boundaries. Exhibit 2A contains the legal description of the boundaries.

5. Exhibit 2 of the Development and Tax Increment Financing Plan is replaced with the map attached to this resolution as Item 1 and Exhibit 2A of the Development and Tax Increment Financing Plan is amended to read as follows:

Legal Description of the Development Area

That part of the Central Business District from Franklin Square westerly to the westerly City limits and from the north right-of-way of Montezuma Avenue and Memorial Drive north to Portage Lake. Also Blocks 22, 23, 24, 25, 26, and 27, and the north 100 feet of Blocks 20 and 21. Also the north 100 feet of Blocks 41, 42, 43, 50 and 51 and all of Block 44 and Block H.

6. Part II (the Development Plan) is amended by the addition of the following projects that shall comprise Stage V of the Development Plan of the DDA:

Q. Stage V of the Development Plan.

In addition to those projects determined as necessary for the Development Area by the DDA for which tax increment revenues are authorized to be used under Part I.D. of the Tax Increment Financing Plan (which projects shall be considered incorporated into and part of the Development Plan), the following projects within the Development Area are included as part of the Development Plan with the following estimated costs and time of completion, as such costs and time may be revised as the scope of the project is established by the DDA, as the need for the project may change and as tax increment revenues may be available for the particular purpose:

Project	Estimated Cost	Estimated Completion
1. Parking Improvements (including surface and deck renovation, construction, repair and purchase)	\$50,000	June 30, 2001
2. Downtown Signage	\$10,000	June 30, 2000
3. Sidewalk Improvements	\$10,000	June 30, 2001
4. Portage Park Improvements	\$50,000	June 30, 2001
5. Overhead Walkway Signage	\$ 6,000	June 30, 2000
6. Bridge Parking Lot	\$25,000	June 30, 2001
7. Dee Stadium Improvements	\$20,000	June 30, 2000
8. RV Park Additions	\$70,000	June 30, 2004

Pursuant to Part I.D. of the Tax Increment Financing Plan, the costs of the development of the additional projects determined to be necessary by the DDA and the proposed projects in Stage V of the Development Plan are expected to be financed on a "pay as you go" basis from captured tax increment revenues. Tax increment revenues may be used to reimburse advances previously made or to be made from the City for the costs of the additional and proposed projects. The Authority may enter into agreements as to the amount, nature and method of reimbursement for costs of the additional and proposed projects. These agreements may provide for the payment of interest on any reimbursement made by the DDA.

Currently all improvements made as part of the proposed projects in Stage V of the Development Plan are expected to be owned by the City. These projects are anticipated to be located in the following portions of the Development Area:

Project	Anticipated Location
1. Parking Improvements (including surface and deck renovation, construction, repair and purchase)	Throughout the Downtown Development Area as needed.
2. Downtown Signage	Shelden Avenue and for City Parking Lots within the Downtown Development Authority.
3. Sidewalk Improvements	Shelden Avenue
4. Portage Park Improvements	North of large parking deck.
5. Overhead Walkway Signage	Shelden Avenue and Isle Royal Street
6. Bridge Parking Lot	Lakeshore Drive and Bridge Street
7. Dee Stadium Improvements	Portage Street and Lakeshore Drive
8. RV Park Additions	West end of Lakeshore Drive

The character of the construction planned to make the improvements contemplated by the proposed projects in Stage V of the Development Plan (including any existing improvements to be demolished, repaired or altered, any changes in streets, street levels, intersections or utilities, and any contemplated rehabilitation necessary for the completion of the proposed projects) are as follows:

Project	Construction Planned
1. Parking Improvements	Surface and deck parking space/structure renovation, construction, repair and purchase, including, but not limited to, concrete and asphalt paving, steel reinforcement, grading, curbing, painting, facades, signage, and equipment.

2. Downtown Signage	Purchase, preparation and installation of street, directional, and parking signage.
3. Sidewalk Improvements	Repair, installation, maintenance, renovation and sidewalks and sidewalk landscaping and streetscape equipment.
4. Portage Park Improvements	Installation/construction of a pavilion and an Interpretive Center addressing the history of the area and mining industry.
5. Overhead Walkway Signage	Renovation of existing signage.
6. Bridge Parking Lot	Surface space renovation, construction, repair and purchase, including, but not limited to, concrete and asphalt paving, steel reinforcement, grading, curbing, painting, facades, signage, and equipment.
7. Dee Stadium Improvements	Lighting and wall resurfacing.
8. RV Park Additions	Installation of addition to RV Park of seven (7) new RV parking/camping spot accommodations, including water, sewer, electricity and paving or resurfacing of road with the RV Park.

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Exhibit B

City of Houghton Downtown Development Authority

Worksheet Showing Projected Capture of Tax Increment Revenues After Amendment to Plan

Current Development Area

Tax Year	F/Y end 30-Jun	Projected Ad Valorem Captured Valuation			Estimated Tax Increment Revenues on Ad Valorem Capture			County	Total
		Current Assessed Valuation + 2% Growth	Initial Assessed Valuation	Captured Valuation	City	Library	6.1951		
1999	2000	\$15,234,021	\$12,439,093	\$2,794,928	\$39,128,992	\$5,310,363	\$17,314,858	\$61,754,214	
2000	2001	\$15,538,701	\$12,439,093	\$3,099,608	\$43,394,518	\$5,889,256	\$19,202,384	\$68,486,158	
2001	2002	\$15,849,475	\$12,439,093	\$3,410,382	\$47,745,354	\$6,479,727	\$21,127,660	\$75,352,741	
2002	2003	\$16,166,465	\$12,439,093	\$3,727,372	\$52,183,207	\$7,082,007	\$23,091,442	\$82,356,656	
2003	2004	\$16,489,794	\$12,439,093	\$4,050,701	\$56,709,818	\$7,696,332	\$25,094,499	\$89,500,649	
2004	2005	\$16,819,590	\$12,439,093	\$4,380,497	\$61,326,960	\$8,322,945	\$27,137,618	\$96,787,522	
2005	2006	\$17,155,982	\$12,439,093	\$4,716,889	\$66,036,445	\$8,962,089	\$29,221,599	\$104,220,133	
2006	2007	\$17,499,102	\$12,439,093	\$5,060,009	\$70,840,120	\$9,614,016	\$31,347,259	\$111,801,396	
2007	2008	\$17,849,084	\$12,439,093	\$5,409,991	\$75,739,869	\$10,278,982	\$33,515,433	\$119,534,284	
2008	2009	\$18,206,065	\$12,439,093	\$5,766,972	\$80,737,612	\$10,957,247	\$35,726,970	\$127,421,829	
2009	2010	\$18,570,187	\$12,439,093	\$6,131,094	\$85,835,310	\$11,649,078	\$37,982,738	\$135,467,126	
2010	2011	\$18,941,590	\$12,439,093	\$6,502,497	\$91,034,963	\$12,354,745	\$40,283,621	\$143,673,329	
2011	2012	\$19,320,422	\$12,439,093	\$6,881,329	\$96,338,608	\$13,074,525	\$42,630,522	\$152,043,655	
2012	2013	\$19,706,831	\$12,439,093	\$7,267,738	\$101,748,326	\$13,808,701	\$45,024,361	\$160,581,388	
2013	2014	\$20,100,967	\$12,439,093	\$7,661,874	\$107,266,239	\$14,557,561	\$47,466,077	\$169,289,876	
2014	2015	\$20,502,987	\$12,439,093	\$8,063,894	\$112,894,509	\$15,321,398	\$49,956,627	\$178,172,534	
2015	2016	\$20,913,046	\$12,439,093	\$8,473,953	\$118,635,346	\$16,100,511	\$52,496,988	\$187,232,845	

City of Houghton Downtown Development Authority

Worksheet Showing Projected Capture of Tax Increment Revenues After Amendment to Plan
(continued from prior page)

Tax Year	F/Y end 30-Jun	Total Capture from Current Development Area (from prior page)	Projected Ad Valorem Captured Valuation			Estimated Tax Increment Revenues on Ad Valorem Capture			Total Combined Tax Increment Revenues
			Current Assessed Valuation + 2% Growth	Initial Assessed Valuation *	Captured Valuation	City	Library	County	
1999									
2000	2000	\$61,754,214	\$346,325	\$346,325	N/A	\$96,971	\$13,160	\$42,910	\$153,042
2001	2001	\$68,486,158	\$353,252	\$346,325	\$6,927	\$195,881	\$26,584	\$86,679	\$309,144
2002	2002	\$75,352,741	\$360,317	\$346,325	\$13,992	\$296,770	\$40,276	\$131,323	\$468,369
2003	2003	\$82,356,656	\$367,523	\$346,325	\$21,198	\$399,676	\$54,242	\$176,860	\$630,778
2004	2004	\$89,500,649	\$374,873	\$346,325	\$28,548	\$504,641	\$68,487	\$223,307	\$796,435
2005	2005	\$96,787,522	\$382,371	\$346,325	\$36,046	\$611,705	\$83,017	\$270,684	\$965,406
2006	2006	\$104,220,133	\$390,018	\$346,325	\$43,693	\$720,910	\$97,838	\$319,008	\$1,137,755
2007	2007	\$111,801,396	\$397,819	\$346,325	\$51,494	\$832,299	\$112,955	\$368,298	\$1,313,552
2008	2008	\$119,534,284	\$405,775	\$346,325	\$59,450	\$945,916	\$128,374	\$418,575	\$1,492,865
2009	2009	\$127,421,829	\$413,890	\$346,325	\$67,565	\$1,061,805	\$144,102	\$469,856	\$1,675,764
2010	2010	\$135,467,126	\$422,168	\$346,325	\$75,843	\$1,180,013	\$160,145	\$522,164	\$1,862,321
2011	2011	\$143,673,329	\$430,612	\$346,325	\$84,287	\$1,300,584	\$176,508	\$575,518	\$2,052,609
2012	2012	\$152,043,655	\$439,224	\$346,325	\$92,899	\$1,423,566	\$193,198	\$629,938	\$2,246,703
2013	2013	\$160,581,388	\$448,008	\$346,325	\$101,683	\$1,549,009	\$210,223	\$685,447	\$2,444,679
2014	2014	\$169,289,876	\$456,968	\$346,325	\$110,643	\$1,676,960	\$227,587	\$742,067	\$2,646,614
2015	2015	\$178,172,534	\$466,108	\$346,325	\$119,783	\$1,807,470	\$245,300	\$799,818	\$2,852,588
2016	2016	\$187,232,845	\$475,430	\$346,325	\$129,105				

* This figure does not include \$5,000 of parcels captured by the Brownfield Authority.

Exhibit C

Beach Improvements – Playground, Pavilion, RV Park
Parking Decks Resurfacing & Sealing
Parking Deck & Skywalk Improvements
Portage Street Parking Lot & Parking Deck Construction
U.P. Power Company/Dee Stadium Skywalk
Parking Deck Construction – Subway
Parking Improvements – Subway
Montezuma Parking Lot Construction
Covered Parking – City Centre
Parking Deck & Surface Lot – Kirkish
City Centre Improvements
Dee Stadium Improvements
Franklin Square Improvements