

Development Costs and Financing

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 proposed budget, including costs for the proposed facilities, is included in 15(2)(d) to 15 (2)(f).

The Authority intends to use several sources of funds to finance its projects. The Authority intends to use a mix of Sewer & Water Fund Reserves, special assessments, Michigan Department of Transportation Economic Development Funds, LDFA tax increment and City tax increment from non-manufacturing investment to finance its projects.

In particular, it is proposed to finance the Adams Road improvement through a bond issue to be repaid by a special assessment to adjacent property owners. The amount of the annual special assessment will be reduced by tax increment funds (less a \$20,000 administration and planning allocation) as it becomes available through new investment in the LDFA area.

The key to financing the projects will be dependent on property owners' willingness to participate in the Special Assessment District. The key project (Adams Road) will be dependent on Michigan Department of Transportation Economic Development Funds grant and business participation in the financing.

Private Conveyance

Section 15 (2) (j) DESIGNATION OF PERSON OR PERSONS, NATURAL OR CORPORATE, TO WHOM ALL OR A PORTION OF THE PUBLIC FACILITY OR FACILITIES TO BE LEASED, SOLD OR CONVEYED AND FOR WHOSE BENEFIT THE PROJECT IS BEING UNDERTAKEN, IF THAT INFORMATION IS AVAILABLE TO THE AUTHORITY;

Section 15 (2) (k) THE PROCEDURES FOR BIDDING FOR THE LEASING, PURCHASING OR CONVEYING IN ANY MANNER 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;

The Authority owns no property at this time, and may directly convey property or portion of a public facility to the City of Rochester Hills. Should the LDFA purchase, receive a donation, acquire real or personal property or otherwise come to own property in the area, the adoption of appropriate procedures for the management and disposition of the property will occur at a regularly scheduled public meeting of the Authority. All LDFA disposition procedures shall be in compliance with Federal, State and City of Rochester Hills regulations.

Should the LDFA acquire property, the procedures for acquisition of property will be consistent with the acquisition and relocation plan in Appendix F. Real property acquired may be held in the name of the Authority, or as stated in this document.

Relocation

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| 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; |
| Section 15 (2) (m) | PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT; |
| Section 15 (2) (n) | PROVISIONS FOR COSTS OF RELOCATING DISPLACED PERSONS AND FINANCIAL ASSISTANCE AND REIMBURSEMENT OF EXPENSES 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; |
| Section 15 (2) (o) | PLAN FOR COMPLIANCE WITH ACT NO. 227 OF P.A. OF 1972, BEING SECTIONS 213.321 TO 213.332 OF THE MICHIGAN COMPILED LAWS. |

There are no persons residing on the property to which the plan applies. It is anticipated that two residences will be displaced by actions of the LDFA or the City relating to the projects stated in this plan.

The acquisition of real property will result in the displacement of several businesses, and the LDFA recognizes its obligation to make the affected parties economically whole. A relocation plan is contained in Appendix F.

The relocation plan requires that certain relocation payments and other assistance be paid to families, individuals, businesses and non-profit organizations as they are displaced or their personal property is moved as a result of activity that may be subject to the Federal Uniform Relocation Act.

Any acquisition or relocation activities that occur using LDFA funds will comply with Act No. 227, of 1972. The relocation plan incorporates by reference the applicable portions of the Federal Uniform Relocation Assistance and Real Property Acquisition Act that are designed to make the affected individuals or businesses economically whole.

Other Information

Section 15 (2) (p) OTHER MATERIAL WHICH THE AUTHORITY OR GOVERNING BODY CONSIDERS PERTINENT.

No other pertinent information regarding the Development Plan is presented at this time.

RESTATED TAX INCREMENT FINANCING PLAN

LOCAL DEVELOPMENT FINANCE AUTHORITY
OF THE CITY OF ROCHESTER HILLS

Reasons That the Plan Will Result in Captured Assessed Value

Section 12 (2) (a) A STATEMENT OF THE REASONS THAT THE PLAN WILL RESULT IN THE DEVELOPMENT OF CAPTURED ASSESSED VALUE WHICH COULD NOT OTHERWISE BE EXPECTED.

Proposed public improvements, as described in the Development Plan, are necessary to provide required accessibility to various areas in the LDFA boundaries, to provide a level of service in roads and public services that are necessary to attract industrial and technology development, and to improve vehicular circulation within the LDFA area.

The implementation of the public improvements addressed by the Development Plan will stimulate further economic growth, provide new employment opportunities, and create additional assessed valuation. The limited availability of outside funding sources for these public improvements has led the City to turn to the LDFA, as provided for by Public Act 281 of 1986, for Tax Increment Financing as the method to generate required funds.

Captured Assessed Value and Tax Increment Revenues

Section 12 (2) (b) AN ESTIMATE OF THE CAPTURED ASSESSED VALUE FOR EACH YEAR OF THE PLAN.

Section 12 (2) (c) THE ESTIMATED TAX INCREMENT REVENUES FOR EACH YEAR OF THE PLAN.

A schedule of the projected captured assessed value and tax increment revenues is provided in Table 1. Additional increases beyond the projected amounts may result from additional construction, appreciation in property values, site improvements, development of an industrial/technology park plat, and higher inflation.

The following assumptions were made to determine the projected captured assessed value for the LDFA area.

1. Annual inflationary increase of an average **2%** per year.
2. An average investment of \$1,874,000 (**true cash value**) per year in both real and personal property. Note: Property values expanded in the LDFA district by approximately 15% between 1993 and 1994 (Table 1).
3. New manufacturing/technology investment to total new investment, which will be 25%. Approximately 41% of the property value is manufacturing/technology in the LDFA District.
4. New construction occurring at a rate equal to 1/3 of the projected based on the historic absorption rate of \$2.8 million in SEV.
5. City of Rochester Hills will capture non-LDFA eligible tax increment for use on LDFA projects using only City millages. **This will discontinue in 2007 and beyond.**
6. **Actual eligible and ineligible taxable value reported for years 1995 to 2006 appear in the chart.**

It is projected that the LDFA will have sufficient income from the annual tax increment revenue to pay for current improvements, debt service and operating costs. Any debt will be structured in a manner that allows for servicing of the debt with special assessments, LDFA revenues and City funds.

Projected LDFA tax increment revenues are based upon the captured assessed value resulting from increased value of eligible properties and ineligible shown in Table 1.