

***CITY OF NEWAYGO
LOCAL
DEVELOPMENT
AUTHORITY***

Tax Increment Financing Plan

TAX INCREMENT FINANCING PLAN

The Local Development Authority of the City of Newaygo (the "LDA") proposes the following tax increment financing plan:

1. **Purpose.** The purpose of this tax increment financing plan is to capture the revenue gained from increased development in the Local Development Authority District (the "LDA District"), as legally described on the attached Exhibit A, to pay for the public improvements and facilities specified in the LDA Development Plan.
2. **Financing Plan.** The LDA proposes to accumulate sufficient tax increment revenues from the capture assessed value of eligible property as defined in the Local Development Financing Act, Act 281 of the Public Acts of Michigan of 1986, as amended ("Act 281"), to pay for the public improvements and facilities identified in the LDA Development Plan. It is anticipated that the LDA will issue bonds to pay for the cost of the public improvements and facilities. The LDA may secure other sources of financing in the form of grants and/or loans from other governmental agencies and/or private developers or from any other sources of financing as permitted by Act 281.
3. **Initial Assessed Value.** It is proposed that the City Council of the City of Newaygo adopt this Tax Increment Financing Plan prior to December 31, 1994, so that the "initial assessed value" -- which is the base year state equalized value (SEV) from which the "captured assessed value" is calculated -- will be the 1994 SEV of the LDA District.
4. **Captured Assessed Revenue to be Used.** The LDA proposed that all of the tax revenue levied by the City of Newaygo and County of Newaygo, excluding debt tax levies and special assessments, on the captured assessed value of eligible property within the LDA District be used by the LDA for public improvements and facilities identified in the LDA Development Plan and for administrative expenses of the LDA.
5. **Project Duration.** The financing plan will continue through 2035.
6. **Projection of Captured Assessed Value and Revenue.** Exhibit B provides projected tax increment revenues based on several different assumptions. Based on the estimated costs of the public improvements and facilities, the LDA plans to capture increased assessed value through 2035.

The projected tax increment revenues in Exhibit B is based on

capturing the full amount of taxes generated from the LDA District. As Act 281 provides, the LDA may return to the taxing units on a proportional basis any captured assessed value which exceeds the revenue required by the LDA.

IMPACT ON TAXING UNITS

The taxing units affected by the LDA Tax Increment Financing Plan are:

City of Newaygo
County of Newaygo

In determining the impact of tax increment financing, several things must be taken into consideration: (1) the amount of millage levied; (2) the percent of the tax increment financing district of the taxing unit's total SEV; (3) the increase SEV the taxing unit could use if the plan were not in place; and (4) the overall community benefit of increasing the tax base.

The attached table summarized the various taxing units and how they are affected by the LDA Tax Increment Financing Plan.

JUSTIFICATION OF THE TAX INCREMENT FINANCING PLAN

The LDA proposes a development plan that will provide significant long-range benefits to the community. While other taxing units will defer revenue for a time to undertake specific activities, the economic development projects that are a result of this LDA activities will result in a long term increased tax base from the projects in the LDA District and spur other development outside the District thereby increasing the revenues for the other taxing districts..

OTHER FUNDING SOURCES

When considering an LDA Project, the LDA District will seek to obtain other financial assistance such as, but not limited to, state and federal funding grants.

EXHIBIT A

Legal description of real property included in the City of Newaygo Local Development Finance Authority (as amended by Resolution 96-35, 6/3/1996)

That part of the Northeast Quarter of the Northeast Quarter of Section 25, Township 12 North, Range 13 West lying West of paved highway M-37, Garfield Township, Newaygo County, Michigan.

and,

The Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ both of Section 25, Town 12 North, Range 13 West of the City of Newaygo, Newaygo County, Michigan.

Exhibit B

TABLE 1

LDA TAX REVENUE FORECAST

YEAR	BASE YEAR SEV	CURRENT YEAR SEV	TOTAL CAPTURED SEV	CITY TAX RATE	COUNTY TAX RATE	CAPTURED CITY TAXES	CAPTURED COUNTY TAXES	TOTAL TAXES CAPTURED
1994	168,700	168,700	0	19.00	7.00	0.00	0.00	0.00
1995	168,700	818,700	650,000	19.00	7.00	12,350.00	4,550.00	16,900.00
1996	168,700	1,318,700	1,150,000	19.00	7.00	21,850.00	8,050.00	29,900.00
1997	168,700	1,818,700	1,650,000	19.00	7.00	31,350.00	11,550.00	42,900.00
1998	168,700	2,318,700	2,150,000	19.00	7.00	40,850.00	15,050.00	55,900.00
1999	168,700	2,568,700	2,400,000	19.00	7.00	45,600.00	16,800.00	62,400.00
2000	168,700	2,818,700	2,650,000	19.00	7.00	50,350.00	18,550.00	68,900.00
2001	168,700	3,068,700	2,900,000	19.00	7.00	55,100.00	20,300.00	75,400.00
2002	168,700	3,318,700	3,150,000	19.00	7.00	59,850.00	22,050.00	81,900.00
2003	168,700	3,418,261	3,249,561	19.00	7.00	61,741.66	22,746.93	84,488.59
2004	168,700	3,520,809	3,352,109	19.00	7.00	63,690.07	23,464.76	87,154.83
2005	168,700	3,626,433	3,457,733	19.00	7.00	65,696.93	24,204.13	89,901.06
2006	168,700	3,735,226	3,566,526	19.00	7.00	67,764.00	24,965.68	92,729.68
2007	168,700	3,847,283	3,678,583	19.00	7.00	69,893.07	25,750.08	95,643.15
2008	168,700	3,962,701	3,794,001	19.00	7.00	72,086.03	26,558.01	98,644.04
2009	168,700	4,081,582	3,912,882	19.00	7.00	74,344.77	27,390.18	101,734.94
2010	168,700	4,204,030	4,035,330	19.00	7.00	76,671.27	28,247.31	104,918.58
2011	168,700	4,330,151	4,161,451	19.00	7.00	79,067.56	29,130.16	108,197.72
2012	168,700	4,460,055	4,291,355	19.00	7.00	81,535.75	30,039.49	111,575.24
2013	168,700	4,593,857	4,425,157	19.00	7.00	84,077.98	30,976.10	115,054.08
2014	168,700	4,731,673	4,562,973	19.00	7.00	86,696.48	31,940.81	118,637.29
2015	168,700	4,873,623	4,704,923	19.00	7.00	89,393.53	32,934.46	122,327.99
2016	168,700	5,019,832	4,851,132	19.00	7.00	92,171.50	33,957.92	126,129.42
2017	168,700	5,170,426	5,001,726	19.00	7.00	95,032.80	35,012.09	130,044.89
2018	168,700	5,325,539	5,156,839	19.00	7.00	97,979.95	36,097.87	134,077.82
2019	168,700	5,485,305	5,316,605	19.00	7.00	101,015.50	37,216.24	138,231.74
2020	168,700	5,649,865	5,481,165	19.00	7.00	104,142.13	38,368.15	142,510.28
2021	168,700	5,819,361	5,650,661	19.00	7.00	107,362.55	39,554.62	146,917.17
2022	168,700	5,993,941	5,825,241	19.00	7.00	110,679.59	40,776.69	151,456.28
2023	168,700	6,173,760	6,005,060	19.00	7.00	114,096.13	42,035.42	156,131.55
2024	168,700	6,358,972	6,190,272	19.00	7.00	117,615.18	43,331.91	160,947.08
2025	168,700	6,549,742	6,381,042	19.00	7.00	121,239.79	44,667.29	165,907.08
2026	168,700	6,746,234	6,577,534	19.00	7.00	124,973.14	46,042.74	171,015.88
2027	168,700	6,948,621	6,779,921	19.00	7.00	128,818.50	47,459.45	176,277.94
2028	168,700	7,157,079	6,988,379	19.00	7.00	132,779.21	48,918.66	181,697.87
2029	168,700	7,371,792	7,203,092	19.00	7.00	136,858.74	50,421.64	187,280.39
2030	168,700	7,592,946	7,424,246	19.00	7.00	141,060.67	51,969.72	193,030.39
2031	168,700	7,820,734	7,652,034	19.00	7.00	145,388.64	53,564.24	198,952.88
2032	168,700	8,055,356	7,886,656	19.00	7.00	149,846.46	55,206.59	205,053.06
2033	168,700	8,297,017	8,128,317	19.00	7.00	154,438.02	56,898.22	211,336.23
2034	168,700	8,545,927	8,377,227	19.00	7.00	159,167.32	58,640.59	217,807.91
2035	168,700	8,802,305	8,633,605	19.00	7.00	164,038.49	60,435.23	224,473.73
					TOTAL	3,788,663.40	1,395,823.36	5,184,486.76

***CITY OF NEWAYGO
LOCAL
DEVELOPMENT
AUTHORITY***

DEVELOPMENT PLAN

DEVELOPMENT PLAN

The Local Development Authority (the "LDA") of the City of Newaygo proposes to construct public improvements and facilities in the Local Development Authority District (the "LDA District") which will be financed by a tax increment financing plan. The construction of public improvements and facilities will promote economic growth and the creation of new jobs in the City and encourage new private investment in the City. The development area will include the entire LDA District which is legally described on the attached Exhibit A. The projects described in this plan were developed assuming the infrastructure needs of potential economic development projects locating in the LDA District.

The Development Plan includes the following components:

A. On-Site Infra-Structure Improvements

1. Cooperative Center Drive

The extension of Cooperative Center Drive including curbs and gutters will be constructed in the LDA District. A storm water drainage system will be developed and constructed to handle the drainage of storm water in the LDA District. Sanitary sewer mains and related appurtenances will be constructed to handle development in the LDA District. A water distribution system including fire hydrants will be constructed to provide water service to the LDA District.

The estimated cost of these improvements is summarized as follows:

Streets	\$190,000
Storm Sewers	\$ 75,000
Sanitary Sewers	\$ 78,000
Water Mains	\$ 73,000
 TOTAL	 \$416,000

It is estimated construction of these improvements will begin in Spring 1995, and be completed by September 1995.

2. New Road

New Public Road including curbs and gutters to service the western

section of the LDA District will be constructed in the LDA District. A storm water drainage system will be developed and constructed to handle the drainage of storm water in the LDA District. Sanitary sewer mains and related appurtenances will be constructed to handle development in the LDA District. A water distribution system including fire hydrants will be constructed to provide water service to the LDA District.

The estimated cost of these improvements is summarized as follows:

Streets	\$ 85,000
Storm Sewers	\$ 25,000
Sanitary Sewers	\$ 40,000
Water Mains	\$ 30,000
Water Pressure Booster Pump	\$ 75,000
TOTAL	\$255,000

It is estimated construction of these improvements may begin in Summer 1995 and be completed by Spring 1996.

3. Mundy Avenue

The improvement of Mundy Avenue including curbs and gutters will be constructed in the LDA District. A storm water drainage system will be developed and constructed to handle the drainage of storm water in the LDA District. Sanitary sewer mains and related appurtenances will be constructed to handle development in the LDA District. A water distribution system including fire hydrants will be constructed to provide water service to the LDA District.

The estimated cost of these improvements is summarized as follows:

Streets	\$225,000
Storm Sewers	\$ 95,000
Sanitary Sewers	\$110,000
Water Mains	\$100,000
Water Pressure Booster Pump	\$ 75,000
TOTAL	\$605,000

It is estimated construction of these improvements may begin in Summer 1995 and be completed by Spring 1996.

4. Connector Road Between Cooperative Center Drive and Barton Street.

A connector road between Cooperative Center Drive and Barton Street including curbs and gutters will be constructed in the LDA District. A storm water drainage system will be developed and constructed to handle the drainage of storm water in the LDA District. Sanitary sewer mains and related appurtenances will be constructed to handle development in the LDA District. A water distribution system including fire hydrants will be constructed to provide water service to the LDA District.

The estimated cost of these improvements is summarized as follows:

Streets	\$175,000
Storm Sewers	\$ 65,000
Sanitary Sewers	\$ 75,000
Water Mains	\$ 65,000
TOTAL	\$380,000

It is estimated construction of these improvements may begin in Spring 1997, and be completed in November, 1997.

B. Off-Site Infra-Structure Improvements

To provide public water service to the western section of the LDA District, it will be necessary to construct a water main including fire hydrants from the northern boundary of the LDA District to Brooks Street. Also, it will be necessary to construct sanitary sewer mains and related appurtenances, including sanitary sewer force mains and a lift/pumping station, from the City's Wastewater Treatment Facility to the southern boundary of the LDA District in order to provide sanitary sewer service to the western section of the LDA District. It also maybe necessary to construct an elevated water storage tank in order to provide adequate storage and pressure for the LDA District.

The estimated cost of these improvements is \$600,000

It is estimated construction of these improvements will begin in Summer 1995 and be completed by Spring 1996.

C. Real and Personal Property

The LDA may acquire, improve, construct, own or lease as lessor or lessee, demolish, relocate, rehabilitate or dispose of real or personal property to include but not limited to land, buildings and equipment in the LDA District for the purpose of encouraging local development, promoting economic growth, and increasing employment.

The estimated cost is \$2,000,000.

SUMMARY OF ESTIMATED COST OF IMPROVEMENTS

On-Site Infra-Structure Improvements (Streets, Storm Sewers, Sanitary Sewers and Water Distribution)	\$1,656,000
Off-Site Infra-Structure Improvement (Water and Sanitary Sewer)	\$ 600,000
Real and Personal Property	\$2,000,000
TOTAL	\$4,256,000

I. Residents is the Development Area

There are no residents living in the LDA District.

II. Zoning in the Development Area

A portion of the LDA District is zoned for commercial uses and a portion is zoned for industrial uses, as identified in the attached Exhibit B. No zoning changes are required at this time.

III. Identification of Development Area and Public Improvements

A diagram identifying the LDA District, existing public improvements in the vicinity of the LDA District, the proposed on-site public improvements and the proposed land uses is attached as Exhibit C.

EXHIBIT A

Legal description of real property included in the City of Newaygo Local Development Finance Authority (as amended by Resolution 96-35, 6/3/1996)

That part of the Northeast Quarter of the Northeast Quarter of Section 25, Township 12 North, Range 13 West lying West of paved highway M-37, Garfield Township, Newaygo County, Michigan.

and,

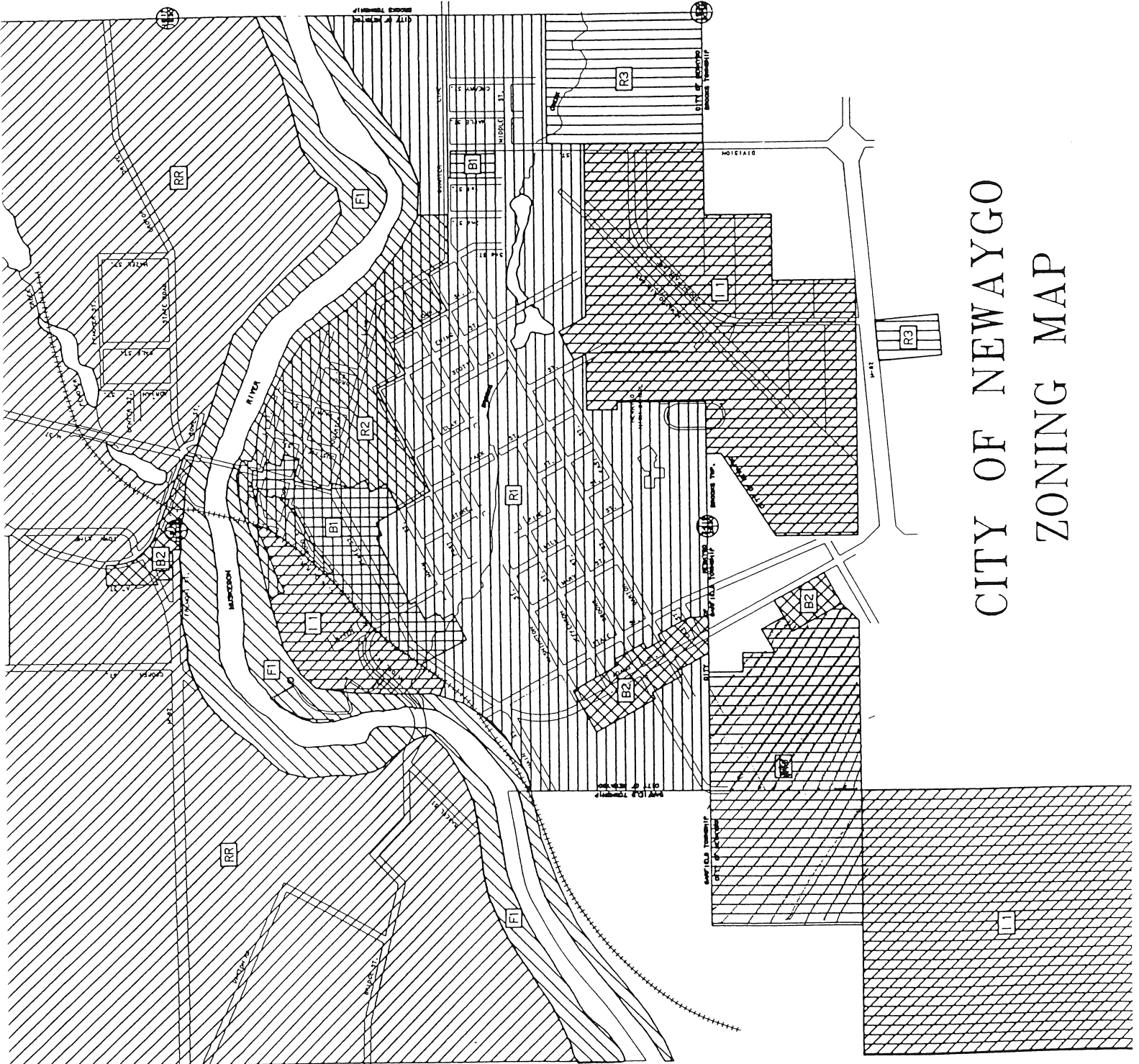
The Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ both of Section 25, Town 12 North, Range 13 West of the City of Newaygo, Newaygo County, Michigan.

EXHIBIT B



LEGEND

	SINGLE FAMILY RESIDENTIAL
	SINGLE & 2 FAMILY RESIDENTIAL
	MULTIPLE FAMILY RESIDENTIAL
	RURAL RESIDENTIAL
	SPECIAL BUSINESS
	HIGHWAY BUSINESS
	INDUSTRIAL
	FLOOD HAZARD

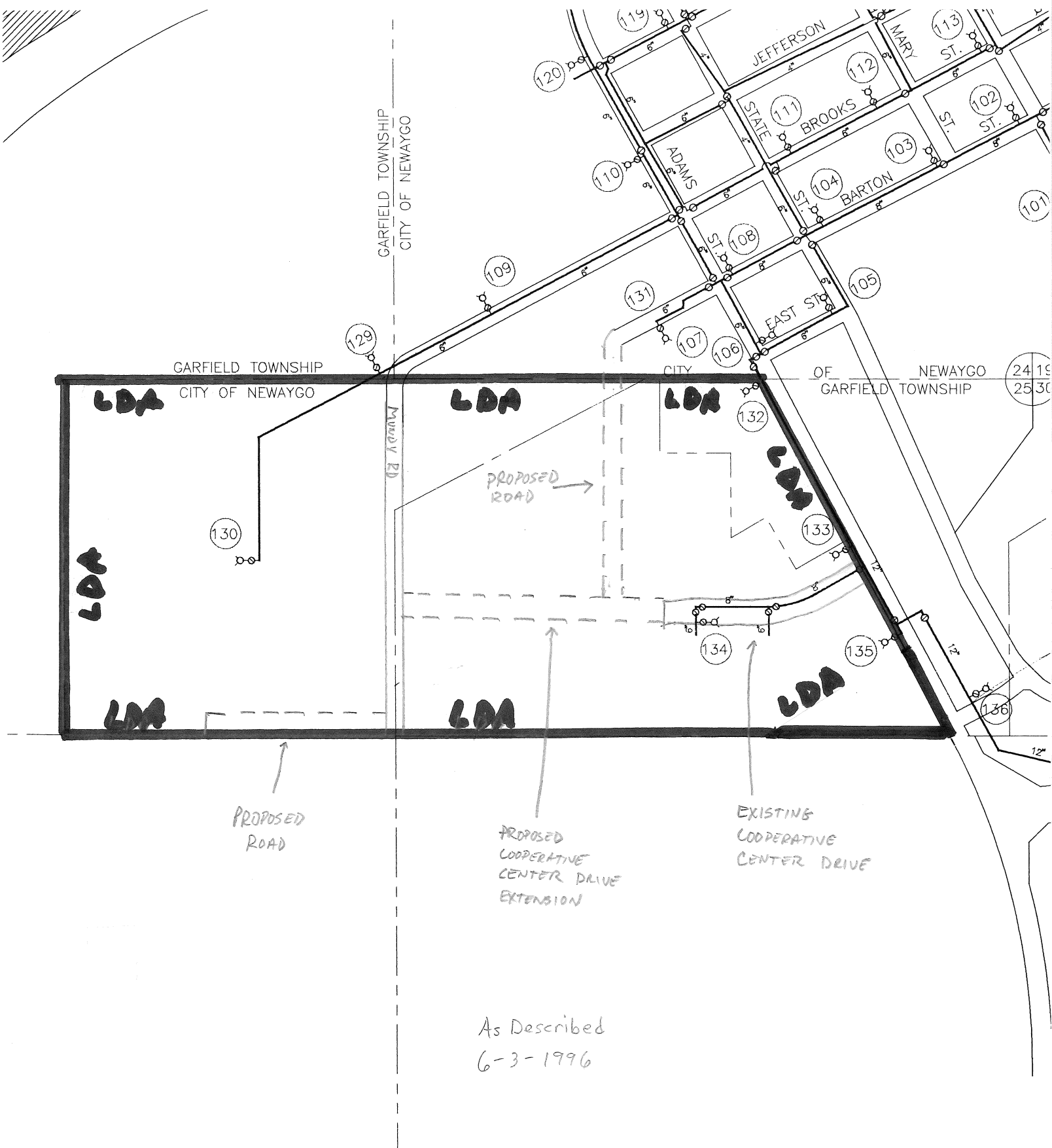


CITY OF NEWAYGO
ZONING MAP

DATE MAY 1993

NEWAYGO LDA BOUNDARIES

EXHIBIT C



As Described
6-3-1996