

2003 AMENDMENTS
TO
DEVELOPMENT AND
TAX INCREMENT FINANCING PLAN

of the

CITY OF WILLIAMSTON TAX INCREMENT FINANCE
AUTHORITY 2B

Adopted by the City of Williamston Tax Increment Finance Authority on February 17, 2003

Approved by the City Council of the City of Williamston on April 14, 2003

INTRODUCTION

The City of Williamston Tax Increment Finance Authority (the "Authority") was created in 1985-1986 by resolutions of the City Council of the City of Williamston (the "City"). The Authority and the City Council approved and adopted the original development plan and tax increment financing plan (together, the "Original Plan") in 1986. In 1988, 1989, 1990, and 1995, the Authority and the City Council adopted and approved amendments to the Original Plan (the "Amendments"). (The Original Plan as amended by the several Amendments is hereinafter referred to as the "Plan.")

Over the years since the Original Plan was adopted the Authority and the City have undertaken many projects and improvements in and with respect to the Development Area and entered into a wide range of financial commitments. This *Amendment to Development and Tax Increment Financing Plan* (the "2002 Amendments") summarized a number of the projects and improvements and the related financial commitments and provided the City and the other taxing jurisdictions with updated information regarding the capture and use of tax increment revenues by the Authority. The 2002 Amendments also described several projects and improvements currently underway. The 2002 Amendments Supplemented the Plan. The 2002 Amendments were an extension of the Plan and must be read in concert with the Plan. The 2002 Amendments referred to certain portions of the Plan but did not repeal or abrogate any provision of the Plan. (The Plan as amended by the 2002 Amendments referred to herein as the "2002 Amended Plan.")

In 2003, the Plan has to be amended again to provide for the entry into a contract with Arialink for wireless broadband service for the project area and authority to hire a economic director for the project area. The 2003 Amendment incorporates all the matters in the 2002 Amended Plan, plus the additional items set forth above in this paragraph.

AMENDMENT TO DEVELOPMENT PLAN

The Authority's Projects, Their Estimated Cost, and the Methods of Financing.

The Authority and the City have implemented a substantial portion of the development program outlined in the Plan. The following paragraphs list the numerous projects that have been undertaken, the estimated cost of those projects and the methods of financing used to carry out the projects.

Designation of Boundaries of the Development Area in Relation to Highways, Streets, Streams or Otherwise (Section II of the Original Plan)

The boundaries of the Development Area are shown on Exhibit A attached hereto. The boundaries of the Williamston I-96 Industrial Park (the "Industrial Park") are shown on Exhibit B attached hereto.

Description of Improvements To Be Made in the Development Area; Description of Any Repairs and Alterations Necessary To Make Those Improvements; and an Estimate of the Time Required for Completion of the Improvements (Section VI of the Plan)

Past and Current Projects and Improvements

The focal point of the Authority's activities relating to Development Area 2B has been the Industrial Park. The land for the northern part of the Industrial Park was acquired in 1986 by the City of Williamston Economic Development Corporation (the "EDC") with the financial support and assistance of the Authority. In 1988 the Authority committed its funds to pay the cost of acquiring the land known as the Porter-Hitchcock property to expand the Industrial Park south to Linn Road. From 1987 through 1994 the Authority and the City on behalf of the Authority issued several series of bonds to finance the infrastructure improvements necessary to develop the Industrial Park and to shoulder the Authority's share of the increased infrastructure costs that were the consequence of the successful development. The following paragraphs summarize the projects and improvements.

Acquisition of property in development area 2B that became the northerly portion of the Industrial Park. (Described in the Original Plan in Section VI.) The Authority acquired property in 1987 at the approximate cost of \$290,000, which is commonly known as Phase I of the Industrial Park. The acquisition cost was paid from part of the proceeds of bonds issued by the EDC in the aggregate principal amount of \$470,000 (the "1987 EDC Bond"). As described below the EDC subsequently borrowed additional monies to pay for infrastructure improvements and in 1992 the EDC refinanced the 1987 EDC Bond and the additional loans with a note in the amount of \$685,467.84 the "1992 EDC Note". The 1992 EDC Note was renewed in 1995, 1998 and 2001. (The 1987 EDC Bond and the 1992 EDC Note and its renewals are referred to in the 2002 Amendments as the "EDC Bond/Note"). In 1987 the Authority pledged payment of the debt service on the 1987 EDC Bond from tax increment revenues. In 1992 the Authority entered into a new pledge agreement covering the 1992 EDC Note. (These pledge agreements are referred to in the 2002 Amendments as the "Pledge Agreements."). The EDC Bond/Note was retired in 2002 and the Pledge Agreements were effectively discharged.

Purchase of property for expansion of the Industrial Park. (Described in the 1988 Amendment.) In 1988 the Plan was amended to authorize the purchase of real property immediately south of the original Industrial Park property. The EDC entered into a land contract with Scott and Karen Hitchcock to acquire property that became phase two of the Industrial Park. The 1988 amendment also provided for the payment from tax increment revenues of the Authority of any obligations assumed by the EDC pursuant to the terms of the land contract. The original principal amount of the land contract was \$322,500 with interest at the rate of 6.75% per annum. The Authority paid debt service on the land contract from 1988 until 2002 when the land contract was paid off as part of the sale of the Industrial Park property to Granger Corporation ("Granger Development").

Extension of water and sanitary sewer lines from Putman Street into the Industrial Park in 1987. (Described in the Original Plan in Section VI.)

The cost of the improvements as estimated in the Original Plan was \$640,000 and was paid in part from the proceeds of the EDC Bond/Note and in part from the proceeds of two series of bonds issued by the City in 1987 (general obligation water and sewer bonds and Michigan Transportation Fund bonds). The Authority pledged tax increment revenues for payment of the EDC Bond/Note in Pledge Agreements. In August 1989 the Authority amended the then existing Plan to provide for payment from tax increment revenues of the debt service on the City's 1987 Michigan Transportation Fund bonds and of a portion of the debt service on the City's 1987 water/sewer bonds. In late 1990 and early 1991 the Authority and the City amended the Plan to specify the amount of the annual payments to be made on the 1987 Michigan Transportation Fund bonds and to reduce the Authority's commitment on the 1987 water/sewer bonds to eight annual payments of \$78,750 beginning July 1, 1992. The 1987 Michigan Transportation Fund bonds mature August 1, 2002. The 1987 water/sewer bonds were refunded (refinanced) in 1991 (the "1991 Refunding Bonds"). The Authority continued to pay debt service on the 1991 Refunding Bonds in accordance with the Plan through 1999. The 1991 Refunding Bonds were refunded again in 2001 (the "2001 Refunding Bonds"). The Authority continues to pay debt service on the 2001 Refunding Bonds.

Water system improvements benefitting the Industrial Park. (Described in the 1989 Amendment.) In March 1989 the Plan was amended to include payment of the costs of certain water system improvements that were necessitated by the development of the Industrial Park. These improvements included water tower controls and new wells. The improvements were estimated in 1989 to cost approximately \$200,000 and were paid from part of the proceeds of bonds issued by the Authority in 1989 in the original principal amount of \$300,000 (the "1989 Tax Increment Bonds"). The 1989 Tax Increment Bonds were retired in 1999.

Street and storm drain improvements in the Industrial Park. (Described in the 1989 Amendment.) The March 1989 amendments also included the construction, capping and extension of streets in the Industrial Park as well as storm drain improvements. The cost of these improvements was estimated at approximately \$100,000 and was paid with part of the proceeds of the Authority's 1989 Tax Increment Bonds issued in the original principal amount of \$300,000. The 1989 Tax Increment Bonds were retired in 1999.

Forthcoming Projects and Improvements

Industrial Park Infrastructure Completion. Sale of the Industrial Park property to Granger Development in 2002 presages the completion of Phase II of the Industrial Park. The Authority in cooperation with Granger Development will construct and install necessary water, sanitary sewer and storm sewer improvements to serve the southern portion of the Industrial Park. In addition the Authority and Granger Development will cooperate in the upgrading of internal roadways in the Industrial Park and the construction of a connector road to provide access to and from the Industrial Park from Linn Road. The infrastructure completion project will be completed in phases as the Industrial Park is fully developed. The expected completion date is the end of 2004. The estimated cost of these improvements is \$700,000. The Authority will use tax increment revenues to pay up to \$700,000.00 plus interest. Granger Development will pay ½ the cost of the improvements.

Purchase of Property for Continuing Economic Development The Authority will budget \$50,000.00 towards possible purchase of real property for continued economic development including: assisted living complex; adult living community; commercial facilities to augment existing services available to the community; and/or future industrial development. Such potential purchase is designed to increase tax base, jobs, and services in the community and increase the economic vitality of Williamston. Prior to any purchase or optioning of property, the Authority will meet with the City Council, the DDA, surrounding jurisdictions, and other interested parties to assure compatibility to the City's comprehensive and master development policies, the adequacy of support services and infrastructure, and the avoidance of negative material impact on other neighbors or jurisdiction. Such purchases may include road access to better achieve desired traffic routing and flows for existing industrial areas, particularly the TIFA 2B area. Sources of funding will be EDC land proceeds, tax increment revenues where such are eligible to support existing and planned development within the TIFA 2B district, and other sources including private development or road funds. Such funds as allocated will not be expended without agreement between the TIFA Board, the EDC, and the City Council.

Wetlands Enhancement and Storm Drainage Easements The Authority is in the process of enhancing the wet lands that serve as a storm drain retention pond for Phase I of the Industrial Park. This enhancement project is being done under a specific re-remediation order from the Michigan Department of Environmental Quality (MDEQ). Additionally, the Authority is in the process of reviewing the potential for purchasing written drainage easements east of the Phase I Industrial Property to drain the above retention pond. The cost of said projects is expected to be \$100,000.00 or less and may be done in several phases over a number of years.

Broadband Services or Other High Speed Internet Service for the Industrial Park The Authority has budgeted up to \$20,000.00 in order to arrange either broadband services or other high speed internet service for the Industrial Park, because the lack thereof is detrimental to the development and retention of industrial based employers in the Park. The Authority has agreed to enter into an Agreement for installation of the infrastructure necessary for the creation of wireless broadband services, as provided by Arialink Broadband, LLC (the "Provider"). The Agreement included a commitment on the part of the Provider to maintain services for minimum 5 year period at a fixed cost to individual Park users. The Provider will place its communication equipment on the top of the City of Williamston's Water Tower or similar structure in or near the Park, pursuant to the terms of a lease for at least five (5) years with the owner of that facility, a copy of which will be provided to the Authority prior to said payment. A copy of the Agreement between the Authority and Arialink Broadband, LLC is attached as Exhibit C to this Plan and incorporated by reference. Alternatively, the Authority may pay up to \$20,000.00 to a different Provider for the installation of similar infrastructure for broadband or other high speed internet service in the Park.

Economic Director The Authority may contract in the future to hire an economic developer for the benefit of the development district and the industrial park, either on its own or in conjunction with the City of Williamston, along with its Economic Development Corporation and the Downtown Development Authority. The Authority may pay up to \$60,000.00 towards such a position.

Public Safety Program and Costs

In 1995 the Authority agreed to provide funds to pay part of the cost of police services in the Development Area. In fiscal year 2002-2003 the Authority budgeted \$5,000.00 for this purpose. The Authority estimates that it will continue to pay approximately \$5,000.00 annually for police services for the duration of the 2003 Amended Plan.

Administrative Costs

The Authority has also budgeted \$30,000.00 for administrative expenses in fiscal year 2001-2002 and it estimates that it will pay approximately \$30,000.00 for administrative expenses annually for the duration of the 2003 Amended Plan.

Emergency Services and Costs

Development of the Industrial Park has placed an increased burden upon the personnel and equipment that provide fire protection and other emergency services in the Industrial Park area. Moreover, without the assurance of prompt and effective police and fire protection and emergency services, businesses may be less willing to locate or expand in the Industrial Park. The Authority recognizes the importance of having fast and efficient police and fire protection and emergency services and therefore is committed to assisting in the financing of these vital services. The Authority expects to budget and expend an estimated \$6,750.0 annually for fire equipment and other emergency equipment and for enhanced fire protection and other emergency services targeted in the Industrial Park. Additionally, the Authority expects to make a one time expenditure of \$26,350.00 for fire equipment and other emergency equipment and for the enhancement of fire protection and other emergency services in the Industrial Park in the 2001-2002 fiscal year.

Financing of the Projects and Programs

Act 450 calls for a development plan to show the proposed method(s) of financing its development program and the ability of the Authority to arrange the financing. The preceding paragraphs have identified the methods used to finance projects and programs previously included in the Plan. Appendix A to the 2002 Amendments (which is also included in the 2003 Amendments) indicates the estimated tax increment revenues available to the Authority to pay the obligations and program commitments described in the 2002 and 2003 Amendments.

The projects and programs catalogued in these 2002 and 2003 Amendments have been paid for in several ways. The EDC furnished the funds to begin the Industrial Park with a \$470,000 bond issue (the 1987 EDC Bond). Later the EDC borrowed additional funds for improvements to the Industrial Park. (The 1992 EDC Note consolidated the 1987 EDC Bond and the additional borrowings. The Authority's Pledge Agreements provided a source of payment for the EDC Bond/Note.)

The City issued bonds on several occasions for infrastructure improvements (the 1987 water/sewer bonds and the 1987 Michigan Transportation Fund bonds). The Authority issued additional bonds in 1999 to pay for infrastructure improvements also.

In recent years the Authority has made several commitments to support programs and has met these commitments on an annual expenditure basis from tax increment revenues.

The new projects described in the 2002 and 2003 Amendments are being paid from tax increment revenues received annually. In addition Granger Development is committed to pay approximately one-half of the cost of the Industrial Park Infrastructure Completion project.

The following table summarizes the financing methods used to pay for the projects and programs from the inception of the Original Plan (1986) through the end of January, 2003.

Project/Program	Financing Method(s)	Annual Amount	Time Period
Purchase of Industrial Park property and payment of some infrastructure costs	Pledge Agreements paying debt service on EDC Bond/Note	Approx. \$75,000 annually	1987-2002 (EDC Bond/Note paid off April 10, 2002)
Purchase of property for phase II of Industrial Park	Payment of EDC's Porter-Hitchcock land contract	Approx. \$20,000 annually	1985-2002 (Land Contract paid off April 2002)
Water, sanitary sewer and storm water improvements	Payment of portion of debt service on City's 1987 water and sewer bonds and the 1991 Refunding Bonds [and the 2001 Refunding Bonds]	\$78,750 annually from 1991 through 1999	1987-1999
Water, sewer, street improvements and upgrade of City's water system	1989 Tax Increment Bonds	From \$38,895 to \$45,500 annually	1989-1999
Street improvements in Industrial Park	Payment of portion of debt service on City's 1989 Michigan Transportation Fund bonds	From \$29,800 to \$35,010 annually	1987-2002
Completion of infrastructure (water, sanitary sewer, storm water, and street) improvements in Industrial Park	Tax increment revenues from the Authority and funds supplied by Granger Development	\$52,500.0	2004-2014
Police services	Tax increment revenues from the Authority	Approximately \$5,000.00	2002-2017
Emergency services	Tax increment revenues from	Approx-	2002-2017

contribution to Northeast Ingham Emergency Services Authority	the Authority	imately \$7,000.00	
Contract with Ingham County EDC	Tax increment revenues from the Authority	Approximately \$8,000.00	1994-2017
Annual administrative costs	Tax increment revenues from the Authority	Approximately \$30,000.00	1986-2017
Purchase of Phase III	Tax increment revenues from the Authority	Approximately \$25,000.00	2002-2017
Wetland Mitigation and Easement Purchase	Tax increment revenues from the Authority	Approximately \$45,000.00	2003-2004 (Up to \$55,000.00 additionally later)
Arialink Wireless Broadband Service	Tax increment revenues from the Authority	\$20,000.00	2003
Economic Director	Tax increment revenues from the Authority	\$34,000.00 a year	2003 - 2017

AMENDMENT TO TAX INCREMENT FINANCING PLAN

Maximum Bonded Indebtedness

The total bonded indebtedness incurred by or on behalf of the Authority from 1986 to February 1, 2002 is estimated to be approximately \$2,500,000. The Authority does not anticipate any additional bonded indebtedness will be incurred under the 2002 or 2003 Amended Plans.

Duration of the 2003 Amended Plan (Section XV of the Original Plan, as amended)

Section XV of the Original Plan envisioned a development program that would require ten years to complete. In 1989 Section XV of the Original Plan was amended to provide that "the development program is scheduled to continue until May 1, 2010 or until the provisions of the development plan (including payment of all debt) are completed, whichever sooner occurs." The Authority determined that the duration of the 2002 Amended Plan should be extended to include the last tax levy in 2017. No further extension beyond the established duration of 2017 is included in the 2003 Plan Amendments. However, the duration set in the 2002 Amended Plan may be extended by the Authority through a future Plan Amendment, with the concurrence of the City.

Estimated Impact on Taxing Jurisdictions (Section XVI of the Plan)

Act 450 requires each tax increment financing plan to indicate the impact of its program on the various taxing jurisdictions. The capture and retention of tax increment revenues has been substantially affected by the radical changes in school finance enacted in 1993 and 1994. It is therefore appropriate to provide an updated summary of the impact of tax increment financing on the taxing jurisdictions.

The impact of tax increment financing on taxing jurisdictions is estimated on Appendix A. The impact is a function of various factors, including the tax rates that are established and levied by each taxing jurisdiction, the appreciation or depreciation of properties within the Development Area, and the amount of tax increment revenues retained annually by the Authority. Appendix A sets forth the assumptions on which the estimated impact is determined.

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