

City of St. Johns

Downtown Development Authority

2021/2022 DEVELOPMENT PLAN

and

TAX INCREMENT FINANCING PLAN

Approved by the Board of the St. Johns Downtown Development Authority on November 3, 2021 for submittal to the City Commission of the City of St. Johns, Michigan.

Ordinance #667 approved by the City Commission of the City of St. Johns on March 14, 2022.

INTRODUCTION

In order to prevent actual and potential deterioration of property values and to encourage historic preservation and to promote economic activity and growth in the Downtown St. Johns business district, the City established the St. Johns Downtown Development Authority (the “St. Johns DDA”) pursuant to Public Act 57 of 1975 (“Act 57”) and Ordinance # 532 adopted by the City Commission on October 24, 2004. The St. Johns DDA Tax Increment Financing Plan identifies specific sources of funding to finance the Development Plan within the St. Johns DDA Development Area.

The City Commission of the City of St. Johns pursuant to the provisions of Act 57 of 1975, Public Acts of Michigan, adopted ordinance No. 532 to establish a Downtown Development Authority at a regular meeting held October 25, 2004. Said ordinance became effective January 10, 2005. Following the formation of the Downtown Development Authority, the board was appointed, and the DDA created a Development Plan which was adopted on June 21, 2005. Ordinance No. 540, establishing a Tax Increment Financing Plan for the Downtown Development Area, was adopted June 27, 2005 and became effective July 17, 2005. The original Development Plan and Tax Increment Financing Plan lapsed. The following is a new DDA Development and Tax Increment Financing Plan. Adoption of these plans follows an expansion of the St. Johns DDA district, which occurred by adoption of Ordinance #664 by the St. Johns City Commission on October 3, 2021.

The objective of the Development Plan and Tax Increment Financing Plan (hereinafter the “Plan”) is to describe planned public improvements and other activities permitted under the Act so as to prevent future deterioration of Development Area while preserving its unique character and promoting economic growth to benefit all businesses and taxing units located within and advantaged by the Development Area.

DEVELOPMENT PLAN

This Development Plan contains the information required by Public Act 57 of 2018, Section 217 (MCL 125.4217, sec. 217), and as amended from time to time,

Section 217 (2) (a)

DESIGNATION OF BOUNDARIES OF THE DEVELOPMENT AREA IN RELATION TO HIGHWAYS, STREETS, STREAMS OR OTHERWISE.

The boundaries of the Development Area shall be within the boundaries (as amended) of the St. Johns DDA District originally established by Ordinance No. 532 and expanded by Ordinance #664 of the City as designated by the legal description set forth below;

The boundaries may be described generally as follows: The legal description of the Development Area is as described in Section 217 (2) (b) which is within the boundaries of the St. Johns DDA District which may be amended periodically.

Section 217 (2) (b)

LOCATION AND EXTENT OF EXISTING STREETS AND OTHER PUBLIC FACILITIES WITHIN THE DEVELOPMENT AREA, INCLUDING LEGAL DESCRIPTION OF THE DEVELOPMENT AREA.

Existing Streets and Public Facilities

Major thoroughfares:

North Clinton Avenue	East Cass Street
Brush Street	East State Street (M-21)
Spring Street	West State Street (M-21)
North Oakland Street	East Walker Street
North Ottawa Street	West Walker Street
North Lansing Street	East Higham Street
North Prospect Street	West Higham Street
Maple Street	East Railroad Street
Linden Street	West Railroad Street
North Mead Street	East Steel Street

Principal Public Facilities and Landmarks:

- Clinton County Courthouse
- Depot and associated structures
- Briggs District Library
- Konan Friendship Garden
- St. Johns Public Safety/Firehall Building
- Veterans Memorial
- Rodney B. Wilson Center

Legal Description-

DDA PARCEL LEGAL DESCRIPTION: (includes 2021 Boundary Expansion)

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08-03-21

ORIGINAL PLAT - ALL OF **BLK 1**. AND THE SOUTH 10.25' OF VACATED RAILROAD STREET LYING ADJACENT TO SAID **BLK 1**. ALL OF **BLK 2**. AND THE SOUTH 10.25' OF VACATED RAILROAD STREET LYING ADJACENT TO SAID **BLK 2**. ALL OF **BLK 3**. AND THE SOUTH 10.25' OF VACATED RAILROAD STREET LYING ADJACENT TO SAID **BLK 3**. ALL OF **BLK 4**, AND THE SOUTH 10.25' OF VACATED RAILROAD STREET LYING ADJACENT TO SAID **BLK 4**. EAST HALF OF **BLK 5**. ALL OF **BLK 6**. ALL OF **BLK 7**. PART OF **BLK 8** CONTAINING LOTS 1, 2, & 3 EXC THE E 5' OF LOTS 1 & 2. LOTS 4, 5, & 6, W 23' OF LOTS 7 & 8, W 28' OF LOT 9. ALL OF **BLK 9**. ALL OF **BLK 10**. ALL OF **BLK 11**. EAST HALF OF **BLK 12**. PART OF **BLK 13**, ALL OF LOTS 1, 2 AND 16, THE N 40' OF LOT 3. **COUNTY BUILDING PROPERTY**. PART OF **BLK 14**, ALL OF LOTS 1, 2, 3 AND 16, LOT 15 EXC THE S 51' THEREOF. ALL OF **BLK 16**. ALL OF **BLK 17**. PART OF **BLK 20**, LOTS 1, 2, 3, 4, 9, 10, 11 & 12. **RAILROAD LOTS 122, & 123**. ALSO THE NORTH 16.5' VACATED RAILROAD STREET LYING ADJACENT TO SAID **RAILROAD LOTS 122 & 123**.

OUTLOT B - WALKERS SUB. ALL OF **LOT 7**. ALL OF **LOT 8**. S 116.09' OF E 1/2 OF **LOT 6** & S 1/2 OF W 1/2 OF **BLK 6** & A PARCEL COM AT NE COR OF SW 1/4 OF **LOT 6**, N 16', W 58', S 10', W TO E LN OF LANSING ST, S 6' TO N LN OF SW 1/4 OF **LOT 6**. ALSO INCLUDING THE SOUTH 10.25' OF VACATED RAILROAD STREET LYING WITHIN SAID **OUTLOT B - WALKERS SUB.**

FRANCIS LYNDS ADDN. **BLK 1** ALL OF LOTS 1 & 8, ALSO VAC ALLEY ADJ THERETO. **BLK 6** LOT 1 & N 1/2 OF LOT 2.

SEC 8-7-2- THAT PT OF LD BOUNDED ON E BY LANSING ST, ON S BY GRAND TRUCK ROW BEING 7 RODS N & S BY 150 1/2' E & W. ALSO RR PROPERTY LYING ADJACENT TO **BLK 1 & 6, FRANCIS LYNDS ADDN.**

SEC 9-7-2- RR ROW/PROPERTY ADJACENT TO RR ROW -100' X 310' PARCEL LYING BETWEEN LANSING & OTTAWA; 335' X 1,100' PARCEL LYING BETWEEN CLINTON & MEAD, ALSO INCLUDING 16.5' VACATED RAILROAD STREET PER ORD. 296; 95' X 350' PARCEL LYING BETWEEN MEAD & SWEGLES; 320' X 745' PARCEL LYING BETWEEN OTTAWA & CLINTON.

WALKER & STEEL SUB., PART OF **BLK 120** ALL OF LOTS 1, 2, 3, 4 & 5. ALL OF **BLK, 111**. ALL OF **BLK 112**. ALL OF **BLK 121**. ALL OF **BLK 103**. **BLK 104** LOTS 1, 2, & 3 ALSO N 1/2 OF LOTS 11 & 12 & LOTS 4, 5, & 6 EXC E 40' THEREOF.

Section 217 (2) (c)

DESCRIPTION OF EXISTING IMPROVEMENTS TO BE DEMOLISHED, REPAIRED OR ALTERED, INCLUDING DESCRIPTION OF REPAIRS AND ALTERATIONS, AND ESTIMATE OF THE TIME REQUIRED FOR COMPLETION.

The St. Johns DDA plans to accomplish all or part of the following capital improvements over the life of the Plan; it is expected that these improvements will involve demolition, repair, installation or alteration based on the characteristics of rehabilitation, renovation or use/reuse of existing property and improvements.

1. Land Acquisition, Combination and Sale to Private Sector throughout the Development Area. This would include potential acquisition of properties considered “blighted”, vacant, underutilized or environmentally contaminated; the clean-up of said blighted properties, necessary clearing of such property, combining with adjacent parcels as fitting, and sale of such property to private interests for development. Sale proceeds may be held in a revolving land fund or similar account by the DDA, and used for further property purchases.
2. Street Lighting. This would include expansion of the street lighting program for the introduction of new-technology streetlights, poles and the removal of overhead wiring, replacing them with decorative pedestrian-oriented low-level streetlights or other similar types. This also could include the installation and maintenance of upgraded decorative lighting used in the trees and/or on the decorative light poles throughout the Business District.
3. Road, Streetscape and Signage Improvements, Landscape and Greenbelt Improvements. Road improvements include as-needed reconstruction, resurfacing, or other improvements when deteriorated conditions warrant such improvements and when other City street programs are not available. Streetscape improvements include adding improvements to the existing streetscape as well as extending the streetscape down the side streets. This program will include maintenance, replacement and additional placement of directional signage to assist motorists and pedestrians. This also includes the DDA purchasing and planting additional trees and other landscaping enhancements within the district as well as the acquisition and placement of tables, benches, planters and trash receptacles to better utilize areas and greenspaces in the District to include the CIS rail-trail.
4. Parking Improvements. This will include partnering with the City in creating new public parking as well as upgrading, renovating or otherwise improving existing public parking. This may include parking structures, decks or lots either on a separate basis or in combination with other development activity as determined by the DDA/PSD Board and City.
5. Façade. This would include implementing programs promoting the improvement of building facades within the specifications of the DDA Design Guidelines as well as placement of additional landscaping by private property owners.
6. Move/Eliminate Electrical Equipment and Transmission Wires. This would include working with Consumers Energy to minimize the unsightly appearance of transformers located in highly visible areas, reduce the number of overhead

transmission wires along the Development Area Streets or otherwise minimize the existence of such wires. This would include assisting with transformer and/or wire relocations.

7. Upgrade/Addition of Electronic Equipment such as Public Address/Sound System. This would include enhancements to the current sound system in the Central Business District so as to assist with special events, visitor safety, and enhance the area with music when desired. This project includes needed maintenance of the system.

LOCATION, EXTENT, CHARACTER AND ESTIMATED COST OF IMPROVEMENTS AND ESTIMATED TIME FOR COMPLETION.

1. Land Acquisition, Combination and Sale to Private Sector throughout the Development Area. When parcels in the Development Area become available for purchase that meet the DDA objectives, the Board would consider the acquisition of such parcels. The proposed acquisition would be based upon the availability of funds for said purchase. Presently, estimates would indicate that any single purchase should not exceed \$500,000.
2. Street Lighting. The DDA Board would like to extend the current Downtown Streetscape project on Clinton Avenue to the side streets. On Railroad, Higham, Walker and State Streets between Spring and Brush Streets. This would include removal of the Cobra Head Streetlights, poles and overhead wiring and replacement with matching period lighting with the Clinton Avenue Streetscape with underground wiring with an estimated cost of \$300,000. The white Christmas Light programs on N. Clinton Avenue will continue on a regular basis with the continued purchase of lights and regular scheduled maintenance, as well as other “holiday” decorations.
3. Road, Streetscape and Signage Improvements, Landscape and Greenbelt Improvements. Roads will be improved based on condition and available funding. Street issues currently being assessed include resurfacing and/or reconstruction of the streets, the repair and/or replacement of street curbs and sidewalks and utility upgrades and/or replacement. Sustaining attractive landscaping is another significant element in the downtown. This also includes DDA acquisition and planting of additional trees and other landscaping within the district as well as the purchase and placement of tables, benches, planters and trash receptacles to enhance areas in the District. Placement of wayfinding and marketing of the city downtown as a destination. Extension of the streetscape to the side streets will replace trees that are too large for their location and block storefront facades. Parking lot landscaping upgrades are planned as parking facilities are renovated. The Depot Exterior Grounds Plan will be instrumental in improving green space in the downtown area, with its landscaping and public gathering facilities. The DDA supports these projects with estimated costs of \$1,500,000.

4. Parking Improvements. As downtown parking requirements increase (additional employees, expanded tenant base with new apartment construction as well as customer demand) developing new parking through property acquisitions and/or construction of parking structures/decks may be necessary. The City currently collects all parking lot revenue, repairs and makes improvements to the parking system. Upon request and available funds, the DDA will aid in the study and addition of new parking spaces within the Development Area. The DDA supports the improvement of public parking lots in the amount of \$1,000,000.

5. Facade The overall character of a downtown is judged on its appearance, which also plays a major role in the marketing success of the business district. Building owners are encouraged to renovate their buildings in a way in keeping with the original historical Victorian architecture. Designs that will respect existing buildings and strive for visual harmony with the existing character of the street are critical to the overall aesthetics of the downtown. Depending on available funds, the revolving loan program for facade improvements is in the amount of \$1,000,000.

6. Move/Eliminate Electrical Equipment and Transmission Wires. There are several areas in the downtown area with unattractive overhead wires as well as large electric transformers in high visibility areas, most notably at Clinton Avenue and Railroad Street. The estimated costs for the utility relocations are \$500,000. Also, working to ensure there is proper electric infrastructure for electric vehicle charging station.

7. Upgrade/Addition of Electronic Equipment such as Public Address/Sound System. The estimated cost of said improvement is \$ 200,000. Periodically, upgrades and maintenance will be needed to keep in good working order and features may be added to enhance the functions of the clock for the general public's enjoyment. Also included are upgrades and maintenance of the address/sound system to also keep in good working order for visitor pleasure, informational needs and safety.

Section 217 (2) (e)

STAGES OF CONSTRUCTION AND ESTIMATED TIME OF EACH STAGE.

The St. Johns DDA will seek to accomplish the capital improvement goals of the Plan over the period of the Plan. These projects will be undertaken based on need and funding availability. Anticipated time frame for noted projects is as follows:

- Land/Building acquisition – As parcels/buildings become obtainable over the life of the Plan with available funding.
- Street lighting - streetscape extension to side streets

- Street improvements – over the life of the Plan or when funding becomes available.
- Signage improvements - As funds become available over the life of the Plan.
- Parking improvements – over the life of the Plan and as funding becomes available.
- Façade improvements - over the life of the Plan and as funding becomes available.
- Flower and Landscaping program - over the life of the Plan and as funding becomes available.
- Depot Exterior Grounds – over the life of the Plan and as funds become available.
- Overhead wire removal – As funds become available over the life of the Plan.
- Electronic equipment improvements - As needed over the life of the Plan when funds are available.

Section 217 (2) (f)

PARTS OF DEVELOPMENT AREA TO BE LEFT AS OPEN SPACE AND USE CONTEMPLATED FOR SUCH USE.

Major area of open space in the Development Area is the Depot Exterior Grounds. Minor open space area is the Konan Friendship Garden. It is expected that these areas will remain as open space dedicated to public use.

Section 217 (2) (g)

PORTIONS OF THE DEVELOPMENT AREA WHICH THE ST. JOHNS DDA DESIRES TO SELL, DONATE, EXCHANGE OR LEASE TO OR FROM THE CITY AND PROPOSED TERMS.

To further the City’s community objectives, the St. Johns DDA may sell, donate, exchange or lease property to the City. The St. Johns DDA shall receive comparative value for such conveyance based on what St. Johns DDA has invested in such property.

The City may sell, donate, exchange or lease property to the St. Johns DDA on such terms as the City shall deem fitting.

Section 217 (2) (h)

ZONING CHANGES AND CHANGES IN STREETS, STREET LEVELS, INTERSECTIONS, AND UTILITIES.

It is not anticipated that zoning changes will be needed in order for the St. Johns DDA to achieve the programs described in this Plan.

Utility changes will include, where feasible, the moving or replacing of electrical transformers and electric transmission wires. City utilities are not anticipated to be

changed at this time, however projects may come forth which may require utilities to be installed, re-routed, upgraded, replaced, etc.

Clinton Avenue will be resurfaced and the intersections will be modified/repared as needed under this Plan.

Section 217 (2) (i)

ESTIMATE OF COST OF DEVELOPMENT, STATEMENT OF PROPOSED METHOD OF FINANCING THE DEVELOPMENT AND THE AVAILABILITY OF THE ST. JOHNS DDA TO ARRANGE FINANCING.

Pursuant to Public Act 57 of 2018, the costs of development may be financed by donations received by the St. Johns DDA, proceeds of a tax imposed pursuant to Sections 211 and 212 of Public Act 57 of 2018, revenue bonds issued pursuant to Act 94 of 1933, as amended, general obligation bonds issued by the City in amounts limited in amount by a percentage of the anticipated tax increment revenues and other revenues available for payment of debt service on such binds, tax increment bonds issued by the St. Johns DDA pledging solely the tax increments and other revenues of the St. Johns DDA, proceeds of a special assessment district created as provided by law and from money obtained from other sources approved by the governing body. The total cost of the economic development programs and projects set forth in this Development Plan, the administrative costs associated with design of the development and financing costs is estimated to not exceed the amounts submitted to the City Commission.

Table 1, which follows, indicates the sources of income available to the St. Johns DDA to pay the costs of development and the estimated amounts of each source for the next fifteen (15) years, based on captured taxable value of real and personal property within the Development Area, assuming annual growth in the Development Area at a rate of 2.00% on real and personal property. For the first year of capture, the 2021 City operating millage rate of 9.9810 and 2021 County operating rate of 5.7408 for a total of 15.7218 mills was applied. These figures may be impacted +/- by any July/December Board of Review adjustments. Funding for subsequent years will be based on the operating millage for that fiscal year.

TABLE I
Revenue Projections

	Current	Captured	Tax
	Taxable	Taxable	Increment
Year	Value	Value	Revenue
2021 Base Year	\$ 8,153,642	\$ -	\$ -
2022	12,105,113	3,951,471	62,124
2023	12,347,215	4,193,573	65,931
2024	12,594,160	4,440,518	69,813

2025		12,846,043		4,692,401		73,773
2026		13,102,964		4,949,322		77,812
2027		13,365,023		5,211,381		81,932
2028		13,632,323		5,478,681		86,135
2029		13,904,970		5,751,328		90,421
2030		14,183,069		6,029,427		94,793
2031		14,466,731		6,313,089		99,253
2032		14,756,065		6,602,423		103,802
2033		15,051,187		6,897,545		108,442
2034		15,352,210		7,198,568		113,174
2035		15,659,254		7,505,612		118,002
2036		15,972,440		7,818,798		122,926

Revenues received by the St. Johns DDA can finance the non-capital costs of regulatory changes, financial assistance, marketing and promotion, security and other programs. Capital projects may be financed from DDA tax increment revenues or from proceeds of various bond issues either separately or in combination and completed all at once or in phases, depending on the type of financing medium used. Below are described the various methods of financing the St. Johns DDA may seek to utilize:

Limited Tax General Obligation Bonds of the City: Section 16 (1) of Act 57 allows the City to issue general obligation bonds backed by the estimated tax increment revenues.

Special Assessment/General Obligation Bonds of the City: The City may issue special assessment bonds separately or in combination with general obligation bonds to finance all or part of street and alley improvements, sidewalks, lighting and parking improvements. The size of said bonds depends on and is limited by the projects included in said bond issue and the portion financed from special assessments and general funds. Payment of said special assessment bond would be from the revenue from the special assessment roll consisting of parcels specially benefited by the project. Payment of the general obligation bonds would be from the City's general fund, revenue obtained through tax collection on all City properties.

Authority Bonds: Section 16 (2) of Act 57 allows the St. Johns DDA to issue its bonds supported by the estimated revenues available from the tax increments and any other revenues available to the St. Johns DDA, but may not be supported by the full faith and credit pledge of the City.

Grant Funding: Both the City and the St. Johns DDA will continue to seek grant funding opportunities for financial support for projects in the Plan.

Section 217 (2)(j)

DESIGNATION OF PERSON OR PERSONS, NATURAL OR CORPORATE, TO WHOM ALL OR A PORTION OF THE DEVELOPMENT IS TO BE LEASED, SOLD OR CONVEYED.

Property within the Development Area may be leased, sold or otherwise conveyed to a person(s), natural or corporate, periodically to advance the economic development goals and objectives of this Plan.

Section 217 (2)(k)

PROCEDURES FOR BIDDING FOR THE LEASING, PURCHASING OR CONVEYING ALL OR ANY PORTION OF THE DEVELOPMENT.

The St. Johns DDA shall abide by all applicable laws, ordinances and policies which regulate the leasing, purchasing or conveying property and equipment that would apply to the City.

Section 217 (2)(l)

ESTIMATES OF THE NUMBERS OF PERSONS RESIDING IN THE DEVELOPMENT AREA AND THE NUMBER OF FAMILIES AND INDIVIDUALS TO BE DISPLACED.

There are more than 100 residents in the Development Area. Currently there are no proposed projects in the Plan that would displace any businesses or individuals or otherwise affect residential housing stock.

Section 217 (2)(m)

A PLAN FOR ESTABLISHING PRIORITY FOR THE RELOCATION OF PERSONS DISPLACED BY THE DEVELOPMENT IN ANY NEW HOUSING IN THE DEVELOPMENT AREA.

Any person(s) or business that may be displaced as a result of property acquisitions and clearance activities in future projects will be identified and relocated in accordance with City relocation practices.

Section 217 (2)(n)

PROVISION FOR THE COSTS OF RELOCATING 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 570, BEING PUBLIC LAW 91-646, 42 U.S.C. SECTIONS 4601, ET SEQ.

The DDA will provide financial assistance and reimbursement of expenses incurred by those families, person(s) or businesses which are displaced by acquisition and clearance activities. On behalf of the St. Johns DDA, the City will provide any necessary technical assistance regarding relocation issues. Displaced businesses are to be reasonably and adequately relocated in business facilities in the downtown district at least equal to the locational advantages at their prior location. The amount and type of financial assistance and expense reimbursement provided to each displaced person will be determined in accordance with the standards and provisions of the City's Relocation Policy.

Section 217 (2)(o)

PLAN FOR COMPLIANCE WITH ACT 227 OF 572, BEING SECTIONS 213.321 – 213.332 OF MICHIGAN COMPILED LAWS.

The relocation of any families, person(s) or businesses shall also be carried out in accordance with the statutory requirement and provisions of the State of Michigan Act No. 227 of the Public Acts 572.

On behalf of the St. Johns DDA, the City shall establish and implement a relocation assistance advisory program to assist displaced in obtaining and reestablishing in comparable facilities elsewhere in the community. The specific types of relocation advisory assistance to be provided to each displaced person may include, but not be limited to, personal contact and consultation on technical services available, eligible relocation expenses and current information on comparable facilities available elsewhere in the City.

Section 217 (2)(p)

OTHER PERTINENT MATERIAL

The DDA currently does not intend to levy an ad valorem tax on real and personal property not exempted by law and as finally equalized in the district with the approval of the City Commission in accordance with the provisions of Sec. 12 of Act 57, but reserve the right to levy said millage. In anticipation of the collection of the ad valorem tax authorized in Sec. 212 of Act 57, and at the Authority's request, the City may borrow money and issue its notes therefore pursuant to the municipal finance act, Act No. 34 of Public Acts of 2001, as amended, being sections 141.2101 – 141.2821 of the Michigan Compiled Laws. The DDA intends to finance its activities from the sources listed in Sec. 211 and 212 of Act 57 to the extent applicable. The DDA Board shall have the power to accomplish the objectives and purposes of Act 57 and may exercise all of the powers granted under, and enter into contracts as contemplated by Sec. 211(1) of Act 57 to accomplish those objectives and purposes.

**DDA TAX INCREMENT
FINANCING PLAN
2021/2022**

This Tax increment Financing Plan contains the information required by Public Act 57 of 2018.

TAX INCREMENT PROCEDURE

The St. Johns DDA's tax increment revenue is generated when the current assessed value of all real and personal properties within the Development Area exceeds the initial assessed value of the 2021 base year. The initial assessed value is defined in Public Act 57 of 2018 as the assessed value of all taxable property within the boundaries of the development area at the time of the ordinance establishing the tax increment finance plan is approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the ordinance was adopted. The current assessed value refers to the assessed value of all real properties within the Development Area (DDA district, as amended in 2021) as established each year subsequent to the adoption of the tax increment finance plan. The amount in any one year by which the current assessed exceeds the initial assessed value of the implicated real property is defined as the "captured assessed value". The tax increment revenue transmitted to the St. Johns DDA results from applying the total tax levy of all taxing units within the development area to the captured assessed value.

Increases in assessed values within a development area which result in the generation of tax increment revenues, can result from the following:

- New construction, rehabilitation, remodeling, alterations, or additions accruing after the 2021 base year.
- Expiration of industrial tax abatements returned to the ad valorem roll.
- Increases in value which occurs for any other reason, such as a real property transfer taxable value uncapping.

Tax increment revenues can be used by the St. Johns DDA as they accrue annually, held to accumulate amounts necessary to be used in accordance with items described in the Plan, or can be pledged for debt service on bond issues.

If bonds are sold and actual tax increment revenues fall below projections, any previously accumulated revenue would be committed to the retirement of the bonds. Any tax increment revenues collected in excess of estimates will be used to pay current debt service on any bonds issued under the Plan and to pay or provide payment by deposit into an improvement fund of development costs described in the Plan. Bonds issued pursuant to Act 57 are subject to the Michigan Municipal Finance Act and may not mature in more than thirty (30) years. If tax increment revenues are insufficient for any reason, the Michigan Municipal Finance Act provides that if the bond issue has been approved by the electors of the municipality, the municipality must meet debt service requirements from its general fund and, if necessary, levy whatever taxes are required, subject to existing constitutional, statutory and charter tax limitations. If the bond issue has not been approved by the electors, meeting debt service requirements becomes a first budget obligation of the general fund.

USE OF TAX INCREMENTS

The St. Johns DDA may expend tax increment revenues only in accordance with the 2021 Development Plan.

The tax increment revenues generated by the Development Area pursuant to the development plan, as it now exists or is hereafter amended, shall be used:

First, to pay into the debt retirement fund, or funds, for all outstanding debts established pursuant to this Plan, an amount equal to the interest and principal coming due prior to the next collection of taxes.

Second, to reimburse the City for funds advanced to make preliminary plans and improvements necessary in the Development Area in accordance with this Plan.

Third, to pay the administrative and operating costs of the Authority and City, including planning and promotion to the extent provided in the annual budget of the Authority.

Fourth, to establish a reserve account for payment of one year's principal and interest on debts encountered pursuant to the development plan.

Fifth, to pay to the extent desirable by the Authority and approved by the City, the cost of improvements as set forth in the development plan to the extent those costs are not financed from the proceeds of bonds.

Sixth, to establish a sinking fund or set aside account to be used to retire the debt incurred pursuant to the Plan.

The tax increment finance plan may be modified upon approval of the governing body after notification and hearings as required by Act 57. When the City Commission finds the purposes for which the plan was established have been accomplished, the Commission may abolish the Plan or let it lapse.

MAXIMUM INDEBTEDNESS AND DURATION OF PLAN

The maximum amount of bonded indebtedness to be incurred under this Plan is \$ 7,175,000.00, plus any associated costs of issuance and of engineers, architects, and attorneys. **The maximum duration of the Plan is June 30, 2031; whereas the DDA Board may petition the City of St. Johns and Clinton County for renewal.**

ESTIMATED IMPACT ON ALL TAXING JURISDICTIONS

Adoption of this Tax Increment Financing Plan commits the use of all revenues derived from increases in taxable value of the real property of the Development Area for purposes of the Development Plan.

The St. Johns DDA will strengthen the Development Area by using the tax revenues generated in the Development Area to make public improvements and promote the Area. This will prevent stagnation, deteriorating property values, induce private investment, stimulate customer activity and build a strong commercial retail/office/service market.

As provided by Act 57, tax revenues generated from within the Development Area prior to adoption of this tax increment finance plan will continue to be distributed to all taxing units during the duration of this Plan. Upon completion of this tax increment finance plan, all additional tax revenues having been captured by the St. Johns DDA will be distributed proportionately to the taxing jurisdictions.

The Plan proposed for the Development Area will benefit all taxing jurisdictions, which depend on the economic well being of the area. This benefit will result from increases in property valuations surrounding the Development Area; increases in property valuations in the Development Area at the time the tax increment finance plan is completed; and increases in property valuation throughout the entire community.