

CITY OF CHELSEA
DOWNTOWN DEVELOPMENT AUTHORITY

AMENDMENT
TO
TAX INCREMENT FINANCING AND DEVELOPMENT PLAN

Plan Approved December 27, 1987
Plan Amended November 27, 1990
Plan Amended May 23, 2000
Plan Amended September 18, 2008
Plan Amended March 10, 2009
Plan Amendment April 17, 2017

INTRODUCTION

The Village of Chelsea Downtown Development Authority (the “Authority”) and the Village Council of the Village of Chelsea (the “Village”) approved and adopted the original Tax Increment Financing and Development Plan (the “Original Plan”) in 1987. In 1990 the Authority and the Village Council of the Village approved and adopted an Amendment to Tax Increment Financing and Development Plan (the “1990 Amendment”; the Original Plan as amended by the 1990 Amendment sometimes referred to herein as the “1990 Amended Plan”). In 2000 the Authority and the Village Council of the Village approved and adopted an Amendment to Tax Increment Financing and Development Plan (the “2000 Amendment; the 1990 Amended Plan as amended by the 2000 Amendment sometimes referred to herein as the “2000 Amended Plan”). In 2004 the Village became the City of Chelsea (the “City”) and the Authority began operating as the City of Chelsea Downtown Development Authority. In September 2008 the Authority and the City Council of the City approved and adopted an Amendment (the “2008 Amendment”) to the 2000 Amended Plan (the 2000 Amended Plan as amended by the 2008 Amendment sometimes referred to herein as the “2008 Amended Plan). In 2009 the Authority and the City Council of the City approved and adopted an Amendment (the “2009 Amendment”) to the 2008 Amended Plan (the 2008 Amended Plan as amended by the 2009 Amendment sometimes referred to herein as the “2009 Amended Plan”).

Since 1987 the Authority has contemplated and undertaken parking improvements in the downtown area of the City. The Original Plan and all subsequent versions including the 2009 Amended Plan have identified a number of specific parking improvements that the Authority in cooperation with the City have completed. The Authority and the City have identified several parking improvements that they intend to undertake as soon as possible. To accomplish these parking improvements the Authority will be requesting the assistance of the City including the issuance of bonds by the City payable from tax increment revenues pledged by the Authority to pay debt service on these bonds. To enable the Authority and the City to carry out the proposed projects and the financing thereof the 2009 Amended Plan will be amended to increase the maximum bonded indebtedness for which the Authority is obligated and to provide cost estimates for parking improvements not specifically identified in the 2009 Amended Plan.

2017 Amendment Supplements 2009 Amended Plan

The provisions of this amendment (hereafter the “2017 Amendment”) is an addition to the 2009 Amended Plan and must be read in concert with the 2009 Amended Plan. The 2017 Amendment refers to sections of the 2009 Amended Plan but does not repeal or abrogate any provision of the 2009 Amended Plan unless expressly stated. (The 2009 Amended Plan as amended by the 2017 Amendment is referred to herein as the “2017 Amended Plan.”)

AMENDMENT TO DEVELOPMENT PLAN

The Location, Extent, Character and Estimated Cost of Improvements and Estimated Time for Completion.

Palmer Improvement Project. The Authority proposes to assist the City in the acquisition of property and the construction of parking in the 1.25 acre site on Main Street, across from the Chelsea City Hall. Site preparation, restroom building, covered stage area, brick pavers, landscaping, lighting and improvements are estimated to cost \$1,500,000.

Along with an open space area that is approximately 10,000 sq. ft. (100 ft. x 100 ft.), the site specifically shall include:

- A. Multi-purpose structure that includes restrooms and storage.
- B. A gateway to the site that incorporates the general look and scale of downtown Chelsea.
- C. Enhance the lighting of the site with sensitivity to the adjacent residential areas.
- E. Provide an elevated performance stage integrated into the building or structure.
- F. Commercially scaled utilities – enhance electric service.
- G. Site amenities including drinking fountain, water bottle filling station, solar charging station.
- H. Storage for Market and other activities.
- I. When feasible, utilization of grass pavers or other permeable pavers.
- J. Utilization of green technologies: Solar, rain gardens, etc
- K. Ensuring that the buffers between the site and the residential properties are not only in compliance with zoning, but are visual enhancements to the project.

Intended uses include but are not limited to: General public gathering space, Farmer’s Market, Sounds and Sights Events, four season downtown event space, Stage/Pavilion area rentals for weddings, graduation parties, Library Events, School Events.

The Authority expects to request the City to issue bonds to pay part or all of these costs. The City may pay part of the costs from its funds.

The acquisition and construction of these improvements are expected to be completed by 2017.

Park and East Street Parking Lot. The Authority proposes to assist the City in the construction of parking improvements in the Parking Lot at Park East Street.

Site preparation and improvements for parking are estimated to cost \$250,000.

The Authority may request the City to issue bonds to pay part or all of these costs or pay with annual TIF capture. The City may pay part of the costs from its funds.

The acquisition and construction of these parking improvements is expected to be completed by 2019.

Estimate of Cost of Development, Statement of Proposed Method of Financing the Development and the Ability of the Authority to Arrange the Financing.

The estimated cost of the parking improvements described in this 2017 Amendment (including the costs of issuance of bonds) is \$[1,500,000]. The City at the request of the Authority will issue bonds in two or more series in an aggregate principal amount not to exceed \$[1,500,000] payable from tax increment revenues to pay the costs of the parking improvements. The bonds will be limited tax general obligations of the City and will be repaid from tax increment revenues pledged by the Authority for this purpose.

Act 197, Public Acts of Michigan, 1975, as amended (“Act 197”), requires each development plan to show the proposed method of financing proposed developments (improvements) and the ability of the Authority to arrange the financing. Appendix A to this 2017 Amendment indicates the estimated tax increment revenues available to the Authority to pay the debt service requirements on the proposed issue(s) of bonds. The projected tax increment revenues and the debt service requirements are only estimates and the Authority intends to capture and retain sufficient tax increment revenues to the extent permitted by Act 197 to pay actual debt service on the bonds.

The Authority also intends to capture and retain additional tax increment revenues to pay the costs of other projects and improvements outlined in the 2017 Amended Plan to the extent permitted by Act 197. The Authority intends to continue the capture and to retain tax increment revenues and the levy a millage as permitted by Act 197 to pay administrative costs.

AMENDMENT TO TAX INCREMENT FINANCING PLAN

Maximum Indebtedness and Duration of 2017 Amended Plan

The maximum amount of bonded indebtedness to be incurred in the future under the 2017 Amended Plan is \$1,500,000.

The 2017 Amended Plan will terminate upon the collection of the last taxes levied for the year 2038.

Estimated Impact on Taxing Jurisdictions

The impact of the 2017 Amended Plan on taxing jurisdictions is estimated in Appendix B. Since 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 Downtown Development District; and
- the amount of tax increment revenues retained annually by the Authority to pay debt service on bonds, other project costs and administrative costs.

Appendix B sets forth the assumptions on which the estimated impact is determined.

APPENDIX A

[Insert estimated tax increment revenues available to pay debt service requirements]

APPENDIX B

[Insert estimated impact on taxing jurisdictions]

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