



CITY COUNCIL ACTION REPORT

May 1, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Admin.

SUBJECT: Approval of the Troy Downtown Development Authority's
2007/08 Budget

Background:

- The Downtown Development Authority (DDA) approved their proposed 2007/08 budget at the April 18, 2007 DDA meeting.
- The City-captured tax rate of 9.28 mills was used in determining the DDA property tax revenue. If City Council makes any adjustments to the City's rate, a corresponding adjustment will be needed to recalculate the DDA property tax capture.

Options:

- It is recommended that City Council approve the DDA's 2007/08 budget.



DOWNTOWN DEVELOPMENT AUTHORITY

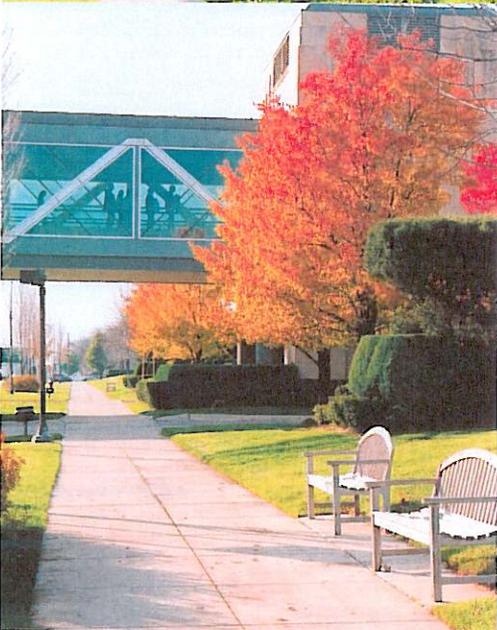
PROPOSED ANNUAL BUDGET
FISCAL YEAR JULY 1, 2007 - JUNE 30, 2008

Members

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Introduction

In order to prevent further deterioration and to encourage economic development of the Downtown District, the City of Troy established the Downtown Development Authority of the City of Troy (the DDA) pursuant to Act 197 of 1975 (Act 197) and an Ordinance adopted by the City Council of the City of Troy on July 12, 1993, and amended on September 28, 1998 and February 7, 2000.

The DDA has identified specific sources of funding to finance the implementation of a plan for physical improvements to the Downtown District identified in this plan as the Development Area.

The purpose of the Tax Increment Financing and Development Plan is to provide for the construction and financing of the necessary streets, sidewalks, street lighting, landscaping, parking garage and other facilities; Kmart and Civic Center projects; widening of Rochester Road and Big Beaver to improve traffic flow; provide and expand existing public facilities on the civic center site to serve the needs of the DDA businesses and the citizens of the City of Troy and to carry out the objectives of the DDA so as to prevent the further deterioration of the Development Area while preserving and promoting economic growth for the benefit of all taxing units located within and benefited by the Development Area.

DOWNTOWN DEVELOPMENT AUTHORITY

County of Oakland, State of Michigan



2007-2008 Budget

Revenue

Property Taxes	\$ 3,793,000
Investment Income	400,000
Re-appropriation of Fund Balance	2,844,590
Total Revenue	\$ 7,037,590

Expenditures

Administrative Expenses	\$ 57,000
Operating Expenses	250,000
Debt Service - Big Beaver Phase 2 & 3	1,193,000
Debt Service - MTF Bonds (Roch. Rd.)	249,000
Debt Service - Refund 1995 Dev. Bonds Series A	786,000
Debt Service - Community Center	1,057,000
Street Island Maint.	345,590
Corridor Study Improvements	3,000,000
Economic Development-MEGA Match	100,000
Total Expenditures	\$ 7,037,590

**Captured Taxable Value
2007-08**

	<u>Real Taxable</u>	<u>Personal Taxable</u>	<u>Total Taxable</u>
1993 - Initial Value	342,342,400	86,936,130	429,278,530
2007 - Taxable Value	546,229,050	127,609,030	673,838,080
Captured Taxable Value	<u>203,886,650</u>	<u>40,672,900</u>	<u>244,559,550</u>

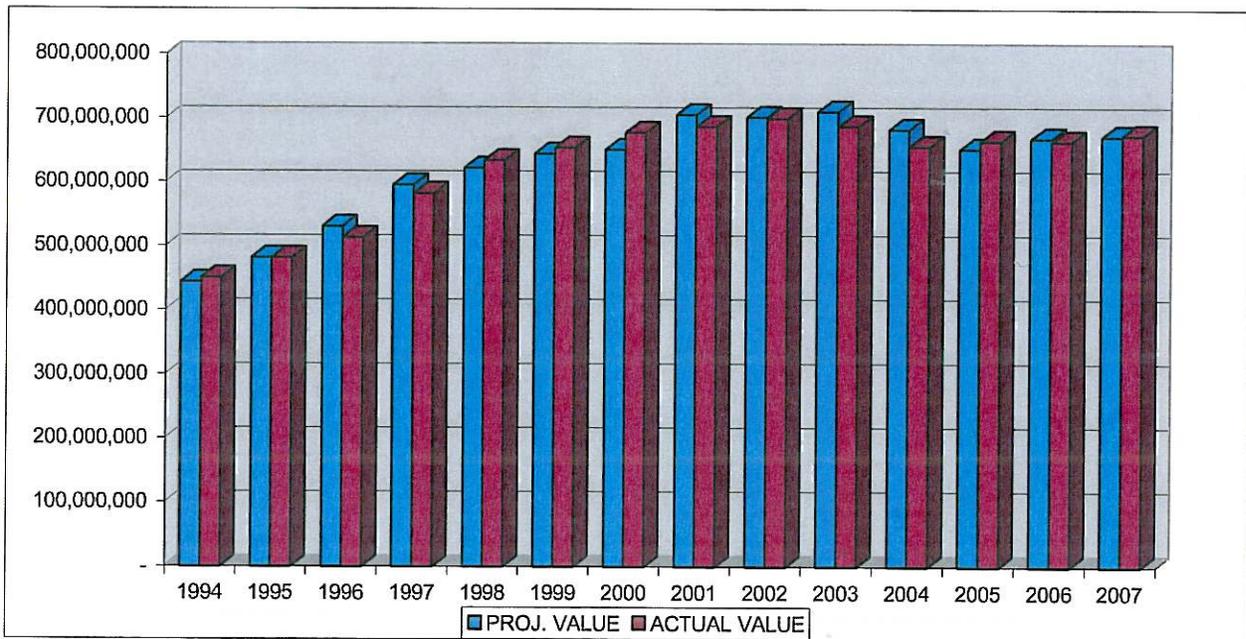
	<u>Oakland County</u>	<u>Oakland Comm. College</u>	<u>City of Troy</u>	<u>Total</u>
Millage Rates	\$ 4.65	\$ 1.58	\$ 9.28	\$ 15.51
Captured Yield	\$ 1,137,100	\$ 386,400	\$ 2,269,500	\$ 3,793,000



**Projected and Actual Captured Valuation
March 27, 2007**

Total DDA Base

Fiscal Year	Initial Valuation	Projected Valuation	Projected Captured	Actual Valuation	Actual Captured
1994	429,278,530	443,579,055	14,300,525	450,682,090	21,403,560
1995	429,278,530	482,321,290	53,042,760	482,321,290	53,042,760
1996	429,278,530	531,054,797	101,776,267	513,251,790	83,973,260
1997	429,278,530	595,752,807	166,474,277	582,784,390	153,505,860
1998	429,278,530	622,051,685	192,773,155	634,117,140	204,838,610
1999	429,278,530	644,521,355	215,242,825	653,782,621	224,504,091
2000	429,278,530	650,903,679	221,625,149	677,550,840	248,272,310
2001	429,278,530	705,343,067	276,064,537	687,261,110	257,982,580
2002	429,278,530	702,063,909	272,785,379	700,292,970	271,014,440
2003	429,278,530	710,501,087	281,222,557	687,610,440	258,331,910
2004	429,278,530	682,725,921	253,447,391	656,443,260	227,164,730
2005	429,278,530	652,413,515	223,134,985	664,930,800	235,652,270
2006	429,278,530	668,894,972	239,616,442	664,121,560	234,843,030
2007	429,278,530	672,433,613	243,155,083	673,838,080	244,559,550



This chart displays the projected and actual taxable value of the entire Downtown Development District.



**Bond Debt Service
Development Bonds, Series 2001**

**Big Beaver Phase 2 & 3
Final Pricing**

Dated Date 07/19/2001
Delivery Date 07/19/2001

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
7/19/2001					
11/1/2001	\$ 605,000	4.00%	\$ 193,848.17	\$ 798,848.17	\$ -
5/1/2002			329,985.00	329,985.00	1,128,833.17
11/1/2002	545,000	4.00%	329,985.00	874,985.00	
5/1/2003			319,085.00	319,085.00	1,194,070.00
11/1/2003	565,000	4.00%	319,085.00	884,085.00	
5/1/2004			307,785.00	307,785.00	1,191,870.00
11/1/2004	590,000	4.00%	307,785.00	897,785.00	
5/1/2005			295,985.00	295,985.00	1,193,770.00
11/1/2005	615,000	4.00%	295,985.00	910,985.00	
5/1/2006			283,685.00	283,685.00	1,194,670.00
11/1/2006	640,000	5.00%	283,685.00	923,685.00	
5/1/2007			267,685.00	267,685.00	1,191,370.00
11/1/2007	670,000	4.00%	267,685.00	937,685.00	
5/1/2008			254,285.00	254,285.00	1,191,970.00
11/1/2008	700,000	4.10%	254,285.00	954,285.00	
5/1/2009			239,935.00	239,935.00	1,194,220.00
11/1/2009	730,000	5.00%	239,935.00	969,935.00	
5/1/2010			221,685.00	221,685.00	1,191,620.00
11/1/2010	770,000	5.00%	221,685.00	991,685.00	
5/1/2011			202,435.00	202,435.00	1,194,120.00
11/1/2011	805,000	4.40%	202,435.00	1,007,435.00	
5/1/2012			184,725.00	184,725.00	1,192,160.00
11/1/2012	850,000	5.50%	184,725.00	1,034,725.00	
5/1/2013			161,350.00	161,350.00	1,196,075.00
11/1/2013	895,000	5.50%	161,350.00	1,056,350.00	
5/1/2014			136,737.50	136,737.50	1,193,087.50
11/1/2014	945,000	5.50%	136,737.50	1,081,737.50	
5/1/2015			110,750.00	110,750.00	1,192,487.50
11/1/2015	1,000,000	5.50%	110,750.00	1,110,750.00	
5/1/2016			83,250.00	83,250.00	1,194,000.00
11/1/2016	1,055,000	5.00%	83,250.00	1,138,250.00	
5/1/2017			56,875.00	56,875.00	1,195,125.00
11/1/2017	1,110,000	5.00%	56,875.00	1,166,875.00	
5/1/2018			29,125.00	29,125.00	1,196,000.00
11/1/2018	1,165,000	5.00%	29,125.00	1,194,125.00	
	\$ 14,255,000		\$ 7,164,573.17	\$ 21,419,573.17	\$ 21,419,573.17

**Bond Debt Service
Refunding Bonds, Series 2001
Refunding of Callable 1995 DDA Bonds, Series A (Tax-Exempt)**

**Refunding Portion
Final Pricing**

Dated Date 07/19/2001
Delivery Date 07/19/2001

Period	Principal	Coupon	Interest	Debt Service	Annual Debt Service
7/19/2001					
11/1/2001	\$ 465,000	4.00%	\$ 132,448.42	\$ 597,448.42	\$ -
5/1/2002			224,432.50	224,432.50	821,880.92
11/1/2002	380,000	4.00%	224,432.50	604,432.50	
5/1/2003			216,832.50	216,832.50	821,265.00
11/1/2003	395,000	4.00%	216,832.50	611,832.50	
5/1/2004			208,932.50	208,932.50	820,765.00
11/1/2004	415,000	4.00%	208,932.50	623,932.50	
5/1/2005			200,632.50	200,632.50	824,565.00
11/1/2005	430,000	4.00%	200,632.50	630,632.50	
5/1/2006			192,032.50	192,032.50	822,665.00
11/1/2006	410,000	5.00%	192,032.50	602,032.50	
5/1/2007			181,782.50	181,782.50	783,815.00
11/1/2007	430,000	4.00%	181,782.50	611,782.50	
5/1/2008			173,182.50	173,182.50	784,965.00
11/1/2008	450,000	4.10%	173,182.50	623,182.50	
5/1/2009			163,957.50	163,957.50	787,140.00
11/1/2009	470,000	5.00%	163,957.50	633,957.50	
5/1/2010			152,207.50	152,207.50	786,165.00
11/1/2010	495,000	5.00%	152,207.50	647,207.50	
5/1/2011			139,832.50	139,832.50	787,040.00
11/1/2011	560,000	4.40%	139,832.50	699,832.50	
5/1/2012			127,512.50	127,512.50	827,345.00
11/1/2012	590,000	5.50%	127,512.50	717,512.50	
5/1/2013			111,287.50	111,287.50	828,800.00
11/1/2013	620,000	5.50%	111,287.50	731,287.50	
5/1/2014			94,237.50	94,237.50	825,525.00
11/1/2014	655,000	5.50%	94,237.50	749,237.50	
5/1/2015			76,225.00	76,225.00	825,462.50
11/1/2015	690,000	5.50%	76,225.00	766,225.00	
5/1/2016			57,250.00	57,250.00	823,475.00
11/1/2016	725,000	5.00%	57,250.00	782,250.00	
5/1/2017			39,125.00	39,125.00	821,375.00
11/1/2017	765,000	5.00%	39,125.00	804,125.00	
5/1/2018			20,000.00	20,000.00	824,125.00
11/1/2018	800,000	5.00%	20,000.00	820,000.00	820,000.00
	\$9,745,000		\$4,891,373.42	\$14,636,373.42	\$14,636,373.42

\$5,600,000
**Michigan Transportation Fund Bonds
 (Rochester Road)**

Schedule of Principal and Interest Requirements
 On a Fiscal Year Basis

Fiscal Year Beginning July 1	Interest Due November 1	Interest Rate	Principal Due May1, Next	Interest Due May 1, Next	Total
2000	\$ 205,343.70	- %	\$ 1,100,000	\$ 136,893.75	\$ 1,442,237.45
2001	110,768.75	4.75%	1,200,000	110,768.75	1,421,537.50
2002	82,268.75	4.75%	1,300,000	82,268.75	1,464,537.50
2003	51,718.75	4.70%	125,000	51,718.75	228,437.50
2004	48,718.75	4.80%	150,000	48,718.75	247,437.50
2005	45,043.75	4.90%	175,000	45,043.75	265,087.50
2006	40,668.75	5.00%	175,000	40,668.75	256,337.50
2007	36,293.75	5.00%	175,000	36,293.75	247,587.50
2008	31,918.75	5.00%	175,000	31,918.75	238,837.50
2009	27,456.25	5.10%	175,000	27,456.25	229,912.50
2010	22,950.00	5.15%	175,000	22,950.00	220,900.00
2011	18,356.25	5.25%	200,000	18,356.25	236,712.50
2012	13,006.25	5.35%	225,000	13,006.25	251,012.50
2013	6,875.00	5.45%	250,000	6,875.00	263,750.00
	<u>\$ 741,387.45</u>		<u>\$ 5,600,000</u>	<u>\$ 672,937.50</u>	<u>\$ 7,014,324.95</u>

Registrar/Transfer Agent – Old Kent Bank, Grand Rapids, Michigan

*Dated date, February 1, 2000, first interest payment due November 1, 2000 – 9 months.



\$9,700,000

Community Center Facilities Bonds, Series 2002

Schedule of Principal and Interest Requirements
On a Fiscal Year Basis

Fiscal Year Beginning July 1	Principal Due November 1	Interest Rate	Interest Due November 1	Interest Due May 1, Next	Total Principal & Interest Requirements
2002	\$ -	- %	\$ -	\$ 236,433.33	\$ 236,433.33
2003	400,000.00	5.00%	177,325.00	167,325.00	744,650.00
2004	425,000.00	3.00%	167,325.00	160,950.00	753,275.00
2005	425,000.00	2.05%	160,950.00	156,593.75	742,543.75
2006	500,000.00	2.40%	156,593.75	150,593.75	807,187.50
2007	500,000.00	2.70%	150,593.75	143,843.75	794,437.50
2008	550,000.00	3.00%	143,843.75	135,593.75	829,437.50
2009	575,000.00	3.25%	135,593.75	126,250.00	836,843.75
2010	600,000.00	3.50%	126,250.00	115,750.00	842,000.00
2011	600,000.00	3.60%	115,750.00	104,950.00	820,700.00
2012	625,000.00	3.70%	104,950.00	93,387.50	823,337.50
2013	650,000.00	3.80%	93,387.50	81,037.50	824,425.00
2014	700,000.00	4.00%	81,037.50	67,037.50	848,075.00
2015	725,000.00	4.10%	67,037.50	52,175.00	844,212.50
2016	775,000.00	4.20%	52,175.00	35,900.00	863,075.00
2017	800,000.00	4.30%	35,900.00	18,700.00	854,600.00
2018	850,000.00	4.40%	18,700.00	0.00	868,700.00
	<u>\$ 9,700,000.00</u>		<u>\$1,787,412.50</u>	<u>\$ 1,846,520.83</u>	<u>\$ 13,333,933.33</u>

Registrar/Transfer Agent – Fifth Third Bank, Michigan, Grand Rapids, Michigan

\$4,025,000

Community Center Facilities Junior Lien Bonds, Series 2003

Schedule of Principal and Interest Requirements
On a Fiscal Year Basis

Fiscal Year Beginning July 1	Principal Due November 1	Interest Rate	Interest Due November 1	Interest Due May 1, Next	Total Principal & Interest Requirements
2003	\$ -	0.00%	* \$ 59,984.38	\$ 71,981.25	\$ 131,965.63
2004	75,000.00	2.50%	71,981.25	71,043.75	218,025.00
2005	100,000.00	2.50%	71,043.75	69,793.75	240,837.50
2006	100,000.00	2.50%	69,793.75	68,543.75	238,337.50
2007	125,000.00	2.50%	68,543.75	66,981.25	260,525.00
2008	150,000.00	2.50%	66,981.25	65,106.25	282,087.50
2009	200,000.00	3.00%	65,106.25	62,106.25	327,212.50
2010	200,000.00	3.00%	62,106.25	59,106.25	321,212.50
2011	250,000.00	3.15%	59,106.25	55,168.75	364,275.00
2012	300,000.00	3.30%	55,168.75	50,218.75	405,387.50
2013	325,000.00	3.45%	50,218.75	44,612.50	419,831.25
2014	350,000.00	3.60%	44,612.50	38,312.50	432,925.00
2015	400,000.00	3.75%	38,312.50	30,812.50	469,125.00
2016	450,000.00	4.25%	30,812.50	21,250.00	502,062.50
2017	500,000.00	4.25%	21,250.00	10,625.00	531,875.00
2018	500,000.00	4.25%	10,625.00	0.00	510,625.00
	\$ 4,025,000.00		\$ 845,646.88	\$ 785,662.50	\$ 5,656,309.38

Registrar/Transfer Agent – Fifth Third Bank, Michigan, Grand Rapids, Michigan

*Dated date, June 1, 2003, first interest payment due November 1, 2003 – 5 months.



Table 1
Downtown Development Authority Bonds

Schedule of Projected Taxable Values
(Actual through 2007)

Year	Total Real	Total Personal	Total Real & Personal	Initial Assessed Value	Captured *State Taxable Value
1993	342,342,400	86,936,130	429,278,530	429,278,530	-
1994	338,797,800	111,884,290	450,682,090	429,278,530	21,403,560
1995	334,906,240	147,415,050	482,321,290	429,278,530	53,042,760
1996	366,197,830	147,053,960	513,251,790	429,278,530	83,973,260
1997	391,782,920	191,001,470	582,784,390	429,278,530	153,505,860
1998	430,125,100	203,992,040	634,117,140	429,278,530	204,838,610
1999	432,998,790	220,783,831	653,782,621	429,278,530	224,504,091
2000	469,734,570	207,816,270	677,550,840	429,278,530	248,272,310
2001	493,426,640	193,834,470	687,261,110	429,278,530	257,982,580
2002	520,281,770	180,011,200	700,292,970	429,278,530	271,014,440
2003	524,793,130	162,817,310	687,610,440	429,278,530	258,331,910
2004	522,118,430	134,324,830	656,443,260	429,278,530	227,164,730
2005	531,379,920	133,550,880	664,930,800	429,278,530	235,652,270
2006	538,571,100	125,550,460	664,121,560	429,278,530	234,843,030
2007	546,229,050	127,609,030	673,838,080	429,278,530	244,559,550
2008	551,691,341	127,609,030	679,300,371	429,278,530	250,021,841
2009	557,208,254	127,609,030	684,817,284	429,278,530	255,538,754
2010	562,780,336	127,609,030	690,389,366	429,278,530	261,110,836
2011	568,408,140	127,609,030	696,017,170	429,278,530	266,738,640
2012	574,092,221	127,609,030	701,701,251	429,278,530	272,422,721
2013	579,833,143	127,609,030	707,442,173	429,278,530	278,163,643
2014	585,631,475	127,609,030	713,240,505	429,278,530	283,961,975
2015	591,487,790	127,609,030	719,096,820	429,278,530	289,818,290
2016	597,402,667	127,609,030	725,011,697	429,278,530	295,733,167
2017	603,376,694	127,609,030	730,985,724	429,278,530	301,707,194

2008 and beyond has a 1.0% increase in Real, and a 0% increase in Personal Property. Assumes no new development in the district.



**Table 2
Downtown Development Authority Bonds
*(Actual through 2007)**

Schedule of Impact on Taxing Jurisdictions

Year	Projected SEV (TV after 1994) in District	Initial Assessed Value	Captured SEV (TV after 1994) in District	Oakland Community College 1.5800	County of Oakland 4.6500	City of Troy (9.48 < 2002) 9.2800	Total Annual Capture
1993	429,278,530	* 429,278,530	* -	* \$ -	\$ -	\$ -	\$ -
1994	450,682,090	* 429,278,530	* 21,403,560	* 34,246	99,527	202,906	336,678
1995	482,321,290	* 429,278,530	* 53,042,760	* 84,868	246,649	502,845	834,362
1996	513,251,790	* 429,278,530	* 83,973,260	* 134,357	390,476	796,067	1,320,899
1997	582,784,390	* 429,278,530	* 153,505,860	* 245,609	713,802	1,455,236	2,414,647
1998	634,117,140	* 429,278,530	* 204,838,610	* 327,742	952,500	1,941,870	3,222,112
1999	653,782,621	* 429,278,530	* 224,504,091	* 359,207	1,043,944	2,128,299	3,531,450
2000	677,550,840	* 429,278,530	* 248,272,310	* 397,236	1,154,466	2,353,621	3,905,324
2001	687,261,110	* 429,278,530	* 257,982,580	* 412,772	1,199,619	2,445,675	4,058,066
2002	700,292,970	* 429,278,530	* 271,014,440	* 433,623	1,260,217	2,561,086	4,254,927
2003	687,610,440	* 429,278,530	* 258,331,910	* 413,331	1,201,243	2,441,237	4,055,811
2004	656,443,260	* 429,278,530	* 227,164,730	* 363,464	1,056,316	2,146,707	3,566,487
2005	664,930,800	* 429,278,530	* 235,652,270	* 372,331	1,095,783	2,226,914	3,695,028
2006	664,121,560	* 429,278,530	* 234,843,030	* 371,052	1,092,020	2,219,267	3,682,339
2007	673,838,080	* 429,278,530	* 244,559,550	* 386,404	1,137,202	2,269,513	3,793,119
2008	679,300,371	429,278,530	* 250,021,841	395,035	1,162,602	2,320,203	3,877,839
2009	684,817,284	429,278,530	* 255,538,754	403,751	1,188,255	2,371,400	3,963,406
2010	690,389,366	429,278,530	* 261,110,836	412,555	1,214,165	2,423,109	4,049,829
2011	696,017,170	429,278,530	* 266,738,640	421,447	1,240,335	2,475,335	4,137,116
2012	701,701,251	429,278,530	* 272,422,721	430,428	1,266,766	2,528,083	4,225,276
2013	707,442,173	429,278,530	* 278,163,643	439,499	1,293,461	2,581,359	4,314,318
2014	713,240,505	429,278,530	* 283,961,975	448,660	1,320,423	2,635,167	4,404,250
2015	719,096,820	429,278,530	* 289,818,290	457,913	1,347,655	2,689,514	4,495,082
2016	725,011,697	429,278,530	* 295,733,167	467,258	1,375,159	2,744,404	4,586,821
2017	730,985,724	429,278,530	* 301,707,194	476,697	1,402,938	2,799,843	4,679,479
2018	737,019,491	429,278,530	* 307,740,961	486,231	1,430,995	2,855,836	4,773,062
				\$ 9,175,715	\$ 26,886,518	\$ 54,115,492	\$ 90,177,726

2008 and beyond has a 1.0% increase in a real and a 0% increase in Personal Property. Assumes no new developments in the district.



Annual Debt Requirements

Year Ending June 30,	Refunding Bonds 2001	Big Beaver Phase 2 & 3	MTF Bonds Roch. Rd.	Comm. Center 2002	Comm. Center Jr. Lien 2003	Amount of Annual Interest	Total
2008	\$ 430,000	\$ 670,000	\$ 175,000	\$ 500,000	\$ 125,000	\$ 1,379,487	\$ 3,279,487
2009	450,000	700,000	175,000	550,000	150,000	1,306,724	3,331,724
2010	470,000	730,000	175,000	575,000	200,000	1,221,754	3,371,754
2011	495,000	770,000	175,000	600,000	200,000	1,125,274	3,365,274
2012	560,000	805,000	200,000	600,000	250,000	1,026,192	3,441,192
2013	590,000	850,000	225,000	625,000	300,000	914,614	3,504,614
2014	620,000	895,000	250,000	650,000	325,000	786,621	3,526,621
2015	655,000	945,000	-	700,000	350,000	648,953	3,298,953
2016	690,000	1,000,000	-	725,000	400,000	515,814	3,330,814
2017	725,000	1,055,000	-	775,000	450,000	376,638	3,381,638
2018	765,000	1,110,000	-	800,000	500,000	231,600	3,406,600
2019	800,000	1,165,000	-	850,000	500,000	78,450	3,393,450
	\$ 7,250,000	\$10,695,000	\$ 1,375,000	\$ 7,950,000	\$ 3,750,000	\$ 9,612,121	\$40,632,121

**Five -Year Budget Projection
March 27, 2007**

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue					
Property Taxes	\$ 3,877,800	\$ 3,963,400	\$ 4,049,800	\$ 4,137,100	\$ 4,225,300
Re-appropriation Fund Balance	-	1,650,000	1,000,000	1,000,000	1,000,000
Investment Income	300,000	300,000	300,000	200,000	200,000
Total	\$ 4,177,800	\$ 5,913,400	\$ 5,349,800	\$ 5,337,100	\$ 5,425,300
Expenditures					
Operating Expenses	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Street Island Maintenance	356,000	367,000	378,000	389,000	401,000
Debt Service					
Big Beaver Phase 2 & 3	1,195,000	1,192,000	1,195,000	1,193,000	1,197,000
MTF Rochester Road	240,000	231,000	222,000	237,000	252,000
Refund Series 'A'	788,000	787,000	788,000	828,000	830,000
Community Center	1,112,000	1,165,000	1,164,000	1,186,000	1,230,000
Total - Debt Service	\$ 3,335,000	\$ 3,375,000	\$ 3,369,000	\$ 3,444,000	\$ 3,509,000
Available for Projects	386,800	2,071,400	1,502,800	1,404,100	1,415,300
Total Expenditures	\$ 4,177,800	\$ 5,913,400	\$ 5,349,800	\$ 5,337,100	\$ 5,425,300
Captured TV	250,021,841	255,538,754	261,110,836	266,738,640	272,422,721
Captured Tax Rate	\$ 15.51	\$ 15.51	\$ 15.51	\$ 15.51	\$ 15.51
Estimated Fund Balance	\$ 6,650,000	\$ 5,000,000	\$ 4,000,000	\$ 3,000,000	\$ 2,000,000
Debt Service in Relation To Property Taxes	86.0	85.2	83.2	83.2	83.0

Tax Increment Procedure

Tax increment revenue to be transmitted to the DDA is generated when the current taxable value of all properties within a development area exceeds the initial assessed value of the properties. The initial assessed value is defined in Act 197 as the assessed value of all taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing 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 is adopted. The current assessed value refers to the assessed value of all properties, real and personal, within the development area as established each year subsequent to the adoption of the tax increment financing plan. The amount in any one year by which the current taxable value exceeds the initial assessed value, including real and personal property, is defined as the "captured taxable value." The tax increment revenue transmitted to the DDA results from applying the total tax levy of taxing units within the development area to the captured taxable value.

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

- a. Construction of new development occurring after the date establishing the "initial assessed value."
- b. Construction of new rehabilitation, remodeling alterations, or additions accruing after the date establishing the "initial assessed value."
- c. Increases in property values which occur for any other reason.

Tax increment revenues transmitted to the DDA can be pledged for debt service on general obligation tax increment bonds issued by the municipality or tax increment revenues bonds issued by the DDA.

If bonds are to be sold, the municipality may not pledge for annual debt service requirements in excess of 80% of the estimated tax increment revenue to be received from a development area for that year. In addition, the estimated annual debt service owed on bonds issued by the municipality may not exceed 80% of the estimated annual tax increment revenues. Should actual tax increment revenues fall below projections, any previously accumulated revenue would be devoted to retirement of the bonds. Any tax increment revenues collected in excess of the 80% measure described in Table 2 of the Development Plan will be used to pay current debt service on any bonds issued under the Plan. The bonds are subject to the Michigan Municipal Finance Act and may not mature in more than thirty years.

The DDA may expend tax increment revenues only in accordance with the tax increment financing plan; surplus revenues revert proportionally to the prospective taxing jurisdictions. The tax increment financing plan may be modified upon approval of the governing body after notification and hearings as required by Act 197. When the governing body finds that the purposes for which the plan was established have been accomplished, they may abolish the plan.