

TROY DOWNTOWN DEVELOPMENT AUTHORITY

Meeting Agenda

May 15, 2013
7:30 AM in the Lower Level Conference Room
Troy City Hall
500 West Big Beaver Road, Troy, MI 48084
(248) 524-3330

- I. Call to Order
- II. Roll Call
- III. Approval of Minutes from April 17, 2013
- IV. Old Business
- V. New Business
 - A. Troy Downtown Development Authority Improvement Plan
 - B. Approval of the 2013-14 Budget
- VI. Public Comment
- VII. Adjourn

The next regular meeting of the Troy Downtown Development Authority is scheduled for June 19, 2013.

Mark F. Miller

Executive Director

A meeting of the Downtown Development Authority was held on Wednesday, April 17, 2013 in the Lower Level Conference room, City Hall, 500 W. Big Beaver, Troy, Michigan. Kiriluk called the meeting to order at 7:30 AM.

Present: Larry Keisling
Allan Kiriluk
Ward Randol
Dan MacLeish (Depart 8:30am)
Ernest Reschke
David Hay
Albert Papa
Mayor Dane Slater
P. Terry Knight
Arkan Jonna
Dennis Bostick

Absent: Douglas Schroeder
Earle VanDyke

Also Present: Brian Kischnick
Mark Miller
Lori Bluhm
Nino Licari
Tom Darling
Glenn Lapin
R. Brent Savidant

Minutes

Resolution: DDA-2013-04-01

Moved by: MacLeish
Seconded by: Randol

RESOLVED, That the Minutes of the September 19, 2012 regular meeting be approved.

Yeas: 11
Absent: Schroeder, VanDyke
Abstain: None

New Business – DDA Bond Issue (Conceptual Plan)

City Manager Brian Kischnick presented a conceptual solution to the eminent DDA bonded debt default issue. The presentation was bifurcated to include both a short-term cash infusion aspect as well as a long-term plan to extinguish the debt.

The long term presentation included the consideration of extending the DDA plan, reassess the DDA district by excluding significant under taxable valued properties as compared to the base year, and compel the City of Troy to refinance the debt under the name of the City.

Included in the presentation were recent obstacles to the plan with special emphasis on the recent legislation (PAs 397-408) that exempts Personal Property Tax.

General comments related to the conceptual solution included:

The DDA would not be in this financial crisis if it did not issue bonds related to the Community Center, the Community Center is a City asset and as such the debt service should be paid by the City (offered by Dan Macleish).

The successful implementation of the plan includes a “Team” approach between the DDA Board and City Council as there are implications to both organizations should there be a default on the DDA bonds. (offered by City Manager Kischnick)

The DDA Board should take a non adversarial approach in working with the City Council for a solution. (offered by Mayor Dane Slator)

A “Safety Net” to the City Council should be included in the proposed plan. (offered by Arkon Jonna)

Consideration of interest rates should be included in a proposed plan. (offered by Dennis Bostick)

Consensus was given by the DDA Board directing the City Manager to continue with the conceptual plan and to bring additional details back to the DDA Board in regards to the short term cash infusion aspect of the plan.

New Business – Development Update (Planning Department Report)

The DDA Director Mark Miller and R. Brent Savidant, Planning Director, discussed development projects in the Troy DDA District. These included: Fifth Third Bank, Big Beaver Center PUD (formerly the Monarch), Shoppes of Troy, Galleria of Troy and the Big Beaver/Kilmer PUD.

New Business – Corridor Christmas Lighting

DDA Board Chairman Allen Kiriluk presented a conceptual plan to organize a Christmas Tree Lighting event down the Big Beaver Road Corridor. The plan included a family friendly venue that would showcase the City and add value to City residents and businesses alike. Funding for the event would be solicited from local business owners and restaurants.

New Business – I-75/Big Beaver Road Interchange

DDA Board Chairman Allen Kiriluk informed the DDA Board of the completion of plans prepared to provide landscape and landmark construction and improvement to the I75/Big Beaver interchange. In addition, Chairman Kiriluk presented grant information from the Michigan Transportation Alternatives Program (TAP) that could be considered as a possible funding source to assist in the \$3.5 million dollar project.

New Business – 2013/14 DDA Budget Proposal

The DDA Secretary/Treasurer Thomas Darling presented a proposed budget to the DDA Board for consideration. The proposed budget included total revenues of \$222,040 of which \$216,040 were tax captures from the DDA District. Expenditures totaled \$3,372,140 of which \$3,262,870 was related to debt retirement. The proposed budget included the use of debt service reserves of \$3,150,100. The use of reserves would exhaust fund balance and result in a (deficit) fund balance of (\$120,207).

Comments by Mayor Dane Slater included his position that he could not support a budget that indicated a deficit fund balance and the associated default of the DDA bonds.

Consensus of the DDA Board directed management to search for additional financing sources including the request for funding from the Troy City Council during the City's current budget deliberation process.

Resolution: DDA-2013-04-02

Moved by: Papa

Seconded by: Keisling

RESOLVED, That the 2013/14 DDA Budget Proposal be postponed to the next DDA meeting.

Yeas: 10

Absent: Schroeder, VanDyke and MacLeish

Abstain: None

Public Comment

None

Member Comment

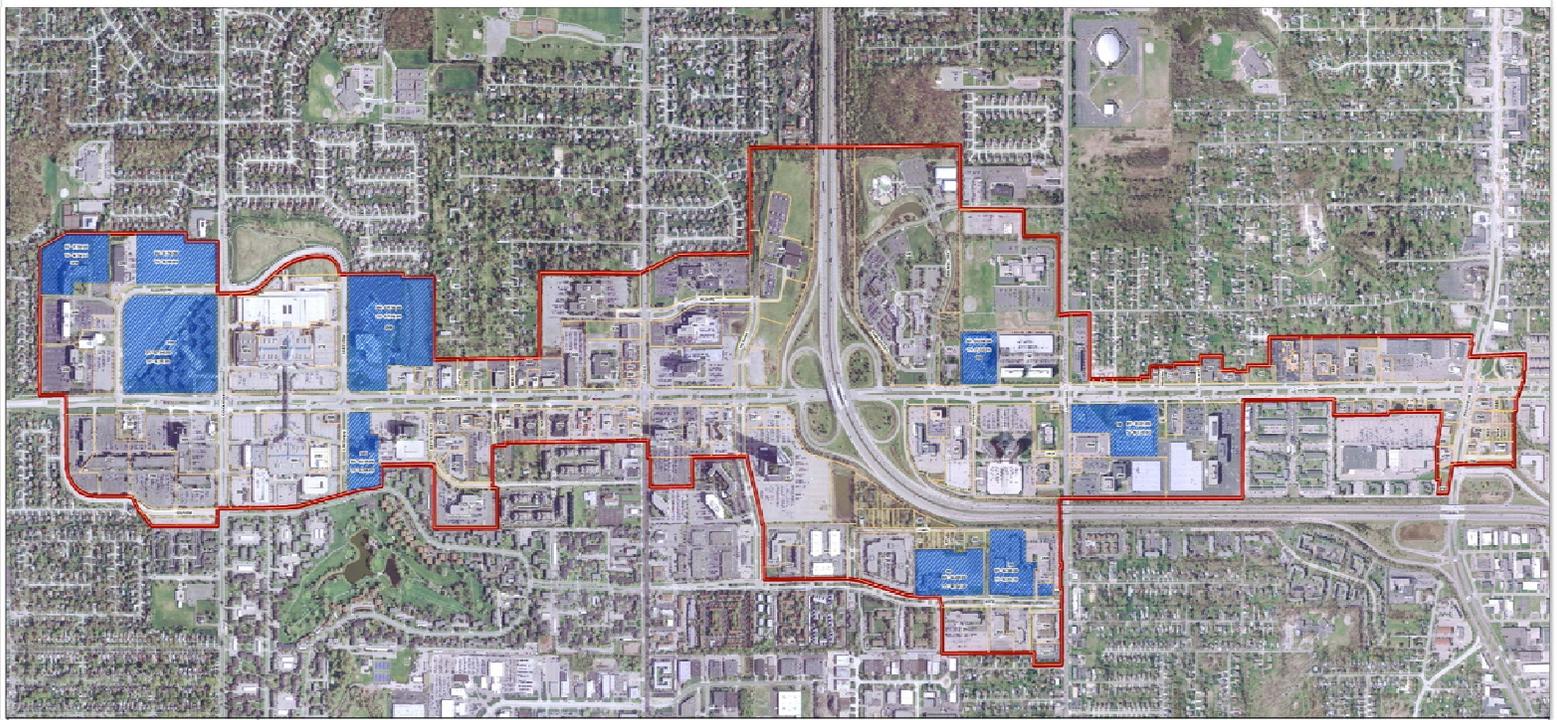
DDA Chairman Kiriluk commented about the upcoming “Troy Traffic Jam” classic car show of all eras. This family friendly event will be held on Sunday August 4, 2013 at the Columbia Center, 201 W. Big Beaver. Admission is free and proceeds from registration fees of vehicle participants will benefit the Troy Historical Society (THS).

Closed Session

None

This meeting was adjourned at 9:18 AM.

Troy Downtown Development Authority Shared Pain – Shared Gain Proposal Bond Repayment Plan May 2013



**Troy Downtown Development Authority
Bond Repayment Plan
May 2013**

History of DDA Formation

1. City of Troy Ordinance 78: An ordinance creating a downtown development authority for the City of Troy, designating boundaries of the Downtown District and providing for other matters related thereto. The downtown development authority is known as the Troy Downtown Development Authority (TDDA)

Termination Per Ordinance 78 (Section 5): **On December 31, 2024** or upon the retirement of all bonded debt, whichever shall later occur, the TDDA shall be dissolved by the Council. The property and assets of the TDDA, after dissolution and satisfaction of its obligations shall revert to the City.

2. City of Troy Ordinance 80 - TDDA Development Plan and Tax Increment Financing Plan: The ordinance creating the TDDA also requires the governing body to adopt a Development Plan identifying the projects to be undertaken and a Tax Increment Financing Plan identifying the funding mechanisms for all projects.

Termination Per the Development Plan and Tax Increment Financing Plan: The Development Plan expires in 2018 and the Tax Increment Financing Plan expires in 2018. The Plan states; “the maximum duration of the plan is 25 years.”

Termination Per Ordinance 80: This ordinance shall take effect 10 days after adoption or publication, whichever comes later, and shall **expire** upon the **implementation** of the TDDA Development Plan.

P.A. 1975, No. 197 (MCL 125.1653): The governing body of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district through the following process:

1. Municipality declares intent by resolution
2. In resolution of intent, municipality sets a date for public hearing
3. Public Hearing is noticed 2 times in newspaper not less than 20 or more than 40 days before public hearing
4. Not less than 20 days mail notice to affected properties and taxing jurisdictions and posted in 20 conspicuous places in the district
5. After 60 days after public hearing, municipality may or may not adopt ordinance establishing or amending boundaries.

Borrowing

The Troy DDA issued three separate bond issues in 2001, 2002 and 2003. The bonds were “naked tax increment bonds” secured solely by the tax increment revenues to be derived from the properties in the Downtown District. This is rare in Michigan and was based on the then perceived strength of the Downtown District’s taxable values and the ability of properties in the Downtown District to generate sufficient tax increment revenues to pay the debt service on the bonds. While the City has a AAA rating, its full faith and credit was not utilized or pledged for these three bond issues. The following is a summary of the outstanding bonds of the TDDA:

Purpose	Series	Amount Owed as of 6/30/13	Status
Development and Refund	2001	\$10,425,000	Insured
Community Center Facility	2002	\$4,500,000	Insured
Community Center (Jr. Lien)	2003	\$2,525,000	Not Insured
Total		\$17,450,000	

Bond Insurance: The Troy DDA did purchase insurance policies from MBIA Insurance Corporation (MBIA.) for the bonds issued in 2001 and 2002. MBIA’s successor is the National Public Finance Guarantee Corporation (NPF). The TDDA paid \$352,000 total in premiums for these policies. The effect of Bond Insurance is to provide credit enhancement for the bonds, thus making the bonds more attractive to investors because at the time that the 2001 and 2002 bonds were issued, MBIA had a AAA credit rating. In the event of the TDDA’s inability to pay, the bond insurer will step in and make the bond holders whole. However, the bond insurer is then subrogated to the rights of the bond holders who received payment under its policy. Following the payment to the bond holders, the bond insurer has a claim against the TDDA to collect the advanced amounts plus interest on the monies advanced, but only from the same sources to which the bond holders were entitled to payment in the first instance. For reasons stated later in this document, it is incumbent on the borrower (TDDA) and the City of Troy to make the necessary structural changes to facilitate the payment of the debt.

As the TDDA’s Bond Attorney, Terence M. Donnelly wrote on September 24, 2012; “Each resolution adopted by the TDDA authorizing the issuance of the Bonds, and especially Section 9 of each resolution, makes it clear that the Bonds are to be payable solely from the collection of the Tax Increment Revenues.....” “The Security for each series of the Bonds is limited to the Tax Increment Revenues to be received by the Authority pursuant to the Plan and the moneys on deposit.....”

This certainly absolves the City of Troy from any legal responsibility of raising funds to pay the debt. For the reasons stated below (Why Default is not an option), bond insurance definitely does not relieve the City and the TDDA from considering and developing a strategy for paying the debt.

City’s Pledge of Full Faith and Credit: The City never pledged its full faith and credit on these bonds, so therefore there is no present legal obligation for the City to issue bonds. However, the TDDA has an investment rating of “CCC” which is junk bond status so the concept of

refinancing by the TDDA is not an option. Unfortunately a default by the TDDA will not put the City in a favorable light on many fronts. Some financial professionals contend that it could even adversely affect the City's AAA status and access to capital markets.

The Problem

Property Values: The initial value of the district in 1993 was \$429,278,530 and is therefore established as the base with all values above the base being captured by the TDDA. At the height of the aggregate value for the TDDA, the value peaked at \$700,929,970 and the captured value was \$271,014,440. In comparison, the projected value for 2013/2014 is \$442,177,648 and the captured value is \$12,899,118.

A major factor leading to the loss of the incremental value differential is the value of properties dropped significantly, in some instances below the base year value, causing the capture to be reduced, bordering on a "negative" capture. A prominent example is the Kmart headquarters building that was valued at \$27,646,000 in the base year and is valued at \$6,181,000 in 2012. The Bank of America building is another significant example with a base year value of \$27,749,000 and a 2012 value of \$17,534,800.

The reduction in the separation between the base year value and current taxable value has created a revenue stream reduction trending toward elimination. The result of Proposal A is these properties will not reach the old levels before the Development Plan and Tax Increment Financing Plan expire in 2018 since constitutionally they cannot increase more than 5% or the rate of inflation, whichever is less.

Inability to Pay: The 2014 Captured Taxable Value for the DDA is \$12,899,118. The revenues generated by this Capture are not enough to cover the debt service. Even after exhausting its reserves, the DDA cannot meet its debt obligation without assistance from the City.

In 2015 the projection is for the DDA to be in a negative capture situation. In other words, the total Taxable Value of the DDA will be less than the 1994 Base Value. Negative capture means no revenue for the DDA. No revenue for the DDA, along with the depletion of the reserves from the previous year will place the DDA in default on its debt obligation.

Why Default is not an option

Defaulting on the bonds, even though they (2001, 2002 series) are insured by NPMG, would negatively impact several aspects of Troy government. The City's rating could be impacted and access to capital could be significantly impaired. In addition, NPMG has made it clear to the City administration that it will pursue whatever measures are necessary to be repaid for whatever amounts it has paid to bond holders under its policies, plus interest, which is likely to result in lengthy, costly and highly visible litigation. This will result in a firestorm of negative publicity, confrontation with NPMG and possible involvement by the State of Michigan.

Revenue Enhancement Possibilities

1. ***Parking Structure (Somerset):*** The TDDA financed the construction of the Somerset North parking structure and retains ownership. However, there is an agreement with the Somerset owners to use the structure and repay the cost of the structure based on an amortized schedule.

The projected payment by the Somerset ownership on January 1, 2013 is \$7,680,723. At the end of the schedule or end date of the TDDA which is when the deck payment is required, the payment is \$4,035,171 on January 1, 2020.

The Somerset owners have offered an early buy back at a discounted rate to provide an infusion of cash. This amount could be used to reduce the amount of the City bond issue described below.

2. ***Millage Rate Implementation:*** MCL 125.1662 allows a downtown development authority, with the approval of the municipal governing body, to levy an ad valorem tax on the real and tangible personal property not exempt by law. The tax shall not be more than 2 mills.

The Proposal

- a. ***Tax Increment Finance Plan Change and New Debt Issued:*** The proposed solution aims to increase the captured value to a level that is capable of contributing toward a bond issue by the City of Troy by eliminating underperforming properties from the Tax Increment Financing Plan, extending the debt schedule, the TDDA, the Development Plan and the Tax Increment Financing Plan **20 years**. There are several steps to successful implementation of this proposal and they include:
 1. Existence of the TDDA must extend to 2033.
 2. The TDDA Development Plan and Tax Increment Financing Plan must extend to 2033.
 3. The Tax Increment Finance Plan must be amended to exclude specific properties that are valued at less than their value in 1993 (base year) (e.g. Kmart Headquarters and Bank of America. ***(See exhibit B)***)
 4. Recommend the City obtain County concurrence of the Tax Increment Finance Plan change.
 5. City of Troy must issue approximately \$14 million in bonds backed by the full faith and credit of the City (AAA status) to refund the TDDA bonds.
 6. TDDA cannot issue, re-issue or refinance these bonds. They would not be marketable due to the “CCC” junk bond status.

Year	Total Taxable Value	Captured Taxable Value	Captured Taxes (16.7105 Mills)	Estimated Bond Payment	Additional Taxes Needed
2012/2013	459,617,310	30,338,780	0	0	
2013/2014	382,760,780	69,512,720	1,161,592	716,969	(444,623)
2014/2015	374,272,284	61,024,224	1,019,745	965,172	(54,573)
2015/2016	371,577,195	58,329,135	974,709	970,925	(3,784)
2016/2017	368,909,426	55,661,366	930,129	961,075	30,946
2017/2018	368,919,609	55,671,549	930,299	966,075	35,776
2018/2019	368,930,019	55,681,959	930,473	966,475	36,002
*2019/2020	372,619,319	59,371,259	992,123	969,075	(23,048)
2020/2021	376,345,512	63,097,452	1,054,390	966,675	(87,715)
2021/2022	380,108,967	66,860,907	1,117,279	968,475	(148,804)
2022/2023	383,910,057	70,661,997	1,180,797	969,275	(211,522)
2023/2024	387,749,157	74,501,097	1,244,951	969,075	(275,876)
**2024/2025	395,504,141	82,256,081	1,374,540	977,875	(396,665)
2025/2026	403,414,223	90,166,163	1,506,722	970,275	(536,447)
2026/2027	411,482,508	98,234,448	1,641,547	971,875	(669,672)
2027/2028	419,712,158	106,464,098	1,779,068	967,275	(811,793)
2028/2029	428,106,401	114,858,341	1,919,340	967,413	(951,927)
2029/2030	436,668,529	123,420,469	2,062,418	976,738	(1,085,680)
2030/2031	445,401,900	132,153,840	2,208,357	968,894	(1,239,463)
2031/2032	454,309,938	141,061,878	2,357,215	970,375	(1,386,840)
2032/2033	463,396,137	150,148,077	2,509,049	974,750	(1,534,299)
2033/2034	472,664,059	159,415,999	2,663,921	972,900	(1,691,021)

* Reflects the Loss of all Commercial/Industrial Personal property parcels with a Taxable Value of \$40,000 and Less 2019/2020 thru 2023/2024 presupposes a 1% increase in value
2024/2025 thru 2033/2034 presupposes a 2% increase in value

The table above demonstrates a positive cash flow between the capture on the revised parcels and the new debt. In fact, the revised plan is projected to generate a surplus cash flow over the life of the debt schedule with the exception of 2017, 2018, 2019.

- b. **City of Troy Safety Net:** The City of Troy should be provided a safety net in the event the tax capture is insufficient to fund the new bonds. This safety net should come in the form of the TDDA's insistence and support of the Council to levy up to 2 mills to cover the debt payment. 2 mills will be levied only in the event there becomes a structural deficit and would continue until all bonds are retired. The TDDA Board must agree to recommend, and the City must approve a levy of up to 2 mills across the TDDA district to be applied to payment of the City bonds.
- c. **Oakland County:** This plan/proposal was presented to Oakland County representatives including Treasurer, Andy Meisner, Chief Deputy Treasurer, James VanLeuven Jr., Deputy County Executive, Robert Daddow, and Chief Deputy County Executive, Gerald Poisson. The Oakland County representatives are in agreement with the plan and will support concurrence at the County level when presented.

- d. ***Parking Structure:*** The proposal does **NOT** seek to transfer the parking structure to Somerset North earlier than planned to obtain a short term infusion of cash in the amount of \$2,750,000. The projected payment at the end of the agreement is \$4,035,131. The discount is based on the present day value of the funds. This component should remain on the table as an additional safety net to the City in the event revenues are not sufficient to repay the debt.

An alternative is to request the City Council advance the anticipated \$4,035,171 payment for the structure now and the TDDA would repay the funds on January 1, 2020 when the Somerset ownership is required to pay per the agreement. Depending on the time of the purchase of the parking structure, there may be tax issues that need to be resolved based on the use of the proceeds of the 2001 bonds, which could result in the issuance of some taxable bonds. This is **NOT** recommended at this time, but should remain on the table as an alternative to the parking structure early payment by the Somerset owners.

Next Steps

The following steps are necessary to implement the plan in order to begin capturing for bond repayment:

1. TDDA approves the plan and initiate amendments to the TDDA, Tax Increment Finance Plan and Development Plan and declares intent.
2. Troy City Council approves the plan authorizing the necessary plan documents for TDDA amendment and bond issuance. Troy City Council sets a public hearing date on the proposed plan amendments.

Time Frame

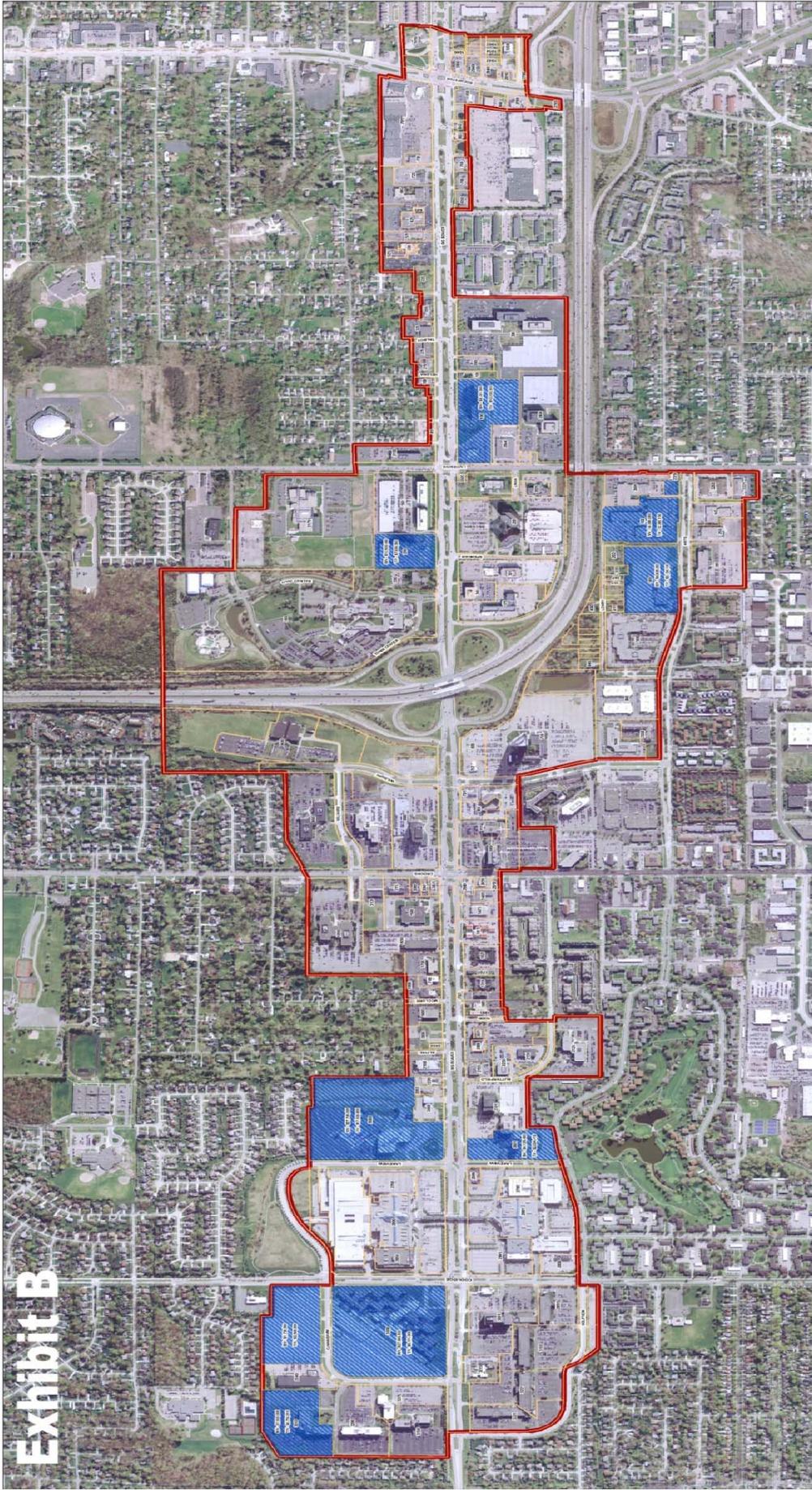
1. The process of amending Tax Increment Finance and Development Plan as well as the TDDA is estimated to take 100 days from the June 2013 City Council meeting.
2. This would allow a capture on the parcels in the revised Tax Increment Finance Plan beginning July 2014 with funds available September 2014.
3. The process of issuing new debt through the City Council is estimated to take approximately 90 to 120 days. This issuance of new debt should happen concurrently with the Tax Increment Finance plan change which will allow the amendments to be complete by October 1, 2013.

Exhibit A

Type	Base Taxable Value - Deletes	2011/12 Actual Taxable Value	2011/12 Captured Taxable Value	2012/13 ActualT/V	% Change	2012/13 Captured Taxable Value	2013/14 Actual TV - Deletes	% Change	2013/14 Captured Taxable Value	*2014/15 Estimated Taxable Value	% Change	2014/15 Captured Taxable Value
Comm Real	243,993,340	394,696,540	150,703,200	353,332,580	(10.48)	109,339,240	278,510,690	(21.18)	34,517,350	270,155,369	(3.00)	26,162,029
Ind Real	690,100	630,980	(59,120)	647,730	2.65	(42,370)	660,740	2.01	(29,360)	640,918	(3.00)	(49,182)
Res Real	241,000	352,290	111,290	345,260	(2.00)	104,260	340,790	(1.29)	99,790	340,790	0.00	99,790
Total Real	244,924,440	395,679,810	150,755,370	354,325,570	(10.45)	109,401,130	279,512,220	(21.11)	34,587,780	271,137,077	(3.00)	26,212,637
Comm Pers	68,323,620	98,493,950	30,170,330	100,168,730	1.70	31,845,110	97,347,580	(2.82)	29,023,960	97,347,580	0.00	29,023,960
Ind Pers	0	5,271,280	5,271,280	3,691,560	(29.97)	3,691,560	4,309,070	16.73	4,309,070	4,179,798	(3.00)	4,179,798
Utility Pers	0	1,290,060	1,290,060	1,431,450	10.96	1,431,450	1,591,910	11.21	1,591,910	1,607,829	1.00	1,607,829
Total Pers	68,323,620	105,055,290	36,731,670	105,291,740	0.23	36,968,120	103,248,560	(1.94)	34,924,940	103,135,207	(0.11)	34,811,587
Grand Total	313,248,060	500,735,100	187,487,040	459,617,310	(8.21)	146,369,250	382,760,780	(16.72)	69,512,720	374,272,284	(2.22)	61,024,224

Type	*2015/16 Estimated Taxable Value	% Change	2015/16 Captured Taxable Value	2016/17 Estimated Taxable Value	% Change	2016/17 Captured Taxable Value	2017/18 Estimated Taxable Value	% Change	2017/18 Captured Taxable Value	2018/19 Estimated Taxable Value	% Change	2018/19 Captured Taxable Value
Comm Real	267,453,816	(1.00)	23,460,476	264,779,277	(1.00)	20,785,937	264,779,277	0.00	20,785,937	264,779,277	0.00	20,785,937
Ind Real	631,304	(1.50)	(58,796)	621,834	(1.50)	(68,266)	615,616	(1.00)	(74,484)	609,460	(1.00)	(80,640)
Res Real	340,790	0.00	99,790	340,790	0.00	99,790	340,790	0.00	99,790	340,790	0.00	99,790
Total Real	268,425,910	(1.00)	23,501,470	265,741,902	(1.00)	20,817,462	265,735,684	(0.00)	20,811,244	265,729,527	(0.00)	20,805,087
Comm Pers	97,347,580	0.00	29,023,960	97,347,580	0.00	29,023,960	97,347,580	0.00	29,023,960	97,347,580	0.00	29,023,960
Ind Pers	4,179,798	0.00	4,179,798	4,179,798	0.00	4,179,798	4,179,798	0.00	4,179,798	4,179,798	0.00	4,179,798
Utility Pers	1,623,907	1.00	1,623,907	1,640,146	1.00	1,640,146	1,656,548	1.00	1,656,548	1,673,113	1.00	1,673,113
Total Pers	103,151,285	0.02	34,827,665	103,167,524	0.02	34,843,904	103,183,926	0.02	34,860,306	103,200,491	0.02	34,876,871
Grand Total	371,577,195	(0.72)	58,329,135	368,909,426	(0.72)	55,661,366	368,919,609	0.00	55,671,549	368,930,019	0.00	55,681,959

Exhibit B



Proposed TDDA Amended TIF Plan

- Legend
- Parcel Removed From Property
- Parcel
- DDA Boundary

Estimate of DDA Taxable Value 2011/2012 - 2018/2019 (Minus Deleted Parcels)

Year	Actual Taxable Value	Estimated Taxable Value	% Change	2013/14 Captured Taxable Value	% Change	2014/15 Captured Taxable Value	% Change	2015/16 Captured Taxable Value	% Change	2016/17 Captured Taxable Value	% Change	2017/18 Captured Taxable Value	% Change	2018/19 Captured Taxable Value
2011/12	500735.00													
2012/13	187487040	187487040		187487040		187487040		187487040		187487040		187487040		187487040
2013/14	38276783	38276783	(16.72)	38276783	(16.72)	38276783	(222)	38276783	(272)	38276783	(0.72)	38276783	0.00	38276783
2014/15	459617310	459617310	(222)	459617310	(222)	459617310	(74,329)	459617310	(74,329)	459617310	(0.72)	459617310	35,671,549	55,681,999
2015/16	459617310	459617310	(74,329)	459617310	(74,329)	459617310	(38,329)	459617310	(38,329)	459617310	(0.72)	459617310	35,671,549	55,681,999
2016/17	459617310	459617310	(38,329)	459617310	(38,329)	459617310	38,329	459617310	38,329	459617310	(0.72)	459617310	35,671,549	55,681,999
2017/18	459617310	459617310	38,329	459617310	38,329	459617310	38,329	459617310	38,329	459617310	(0.72)	459617310	35,671,549	55,681,999
2018/19	459617310	459617310	38,329	459617310	38,329	459617310	38,329	459617310	38,329	459617310	(0.72)	459617310	35,671,549	55,681,999

Downtown Development Authority
City of Troy
2014 Revaluation Survey, Series 2013
Date Series Schedule

Year	Series	Count	Value
2011/12	10000000	10000000	10000000
2012/13	10000000	10000000	10000000
2013/14	10000000	10000000	10000000
2014/15	10000000	10000000	10000000
2015/16	10000000	10000000	10000000
2016/17	10000000	10000000	10000000
2017/18	10000000	10000000	10000000
2018/19	10000000	10000000	10000000
2019/20	10000000	10000000	10000000
2020/21	10000000	10000000	10000000
2021/22	10000000	10000000	10000000
2022/23	10000000	10000000	10000000
2023/24	10000000	10000000	10000000
2024/25	10000000	10000000	10000000
2025/26	10000000	10000000	10000000
2026/27	10000000	10000000	10000000
2027/28	10000000	10000000	10000000
2028/29	10000000	10000000	10000000
2029/30	10000000	10000000	10000000
2030/31	10000000	10000000	10000000
2031/32	10000000	10000000	10000000
2032/33	10000000	10000000	10000000
2033/34	10000000	10000000	10000000
2034/35	10000000	10000000	10000000
2035/36	10000000	10000000	10000000
2036/37	10000000	10000000	10000000
2037/38	10000000	10000000	10000000
2038/39	10000000	10000000	10000000
2039/40	10000000	10000000	10000000
2040/41	10000000	10000000	10000000
2041/42	10000000	10000000	10000000
2042/43	10000000	10000000	10000000
2043/44	10000000	10000000	10000000
2044/45	10000000	10000000	10000000
2045/46	10000000	10000000	10000000
2046/47	10000000	10000000	10000000
2047/48	10000000	10000000	10000000
2048/49	10000000	10000000	10000000
2049/50	10000000	10000000	10000000
2050/51	10000000	10000000	10000000
2051/52	10000000	10000000	10000000
2052/53	10000000	10000000	10000000
2053/54	10000000	10000000	10000000
2054/55	10000000	10000000	10000000
2055/56	10000000	10000000	10000000
2056/57	10000000	10000000	10000000
2057/58	10000000	10000000	10000000
2058/59	10000000	10000000	10000000
2059/60	10000000	10000000	10000000
2060/61	10000000	10000000	10000000
2061/62	10000000	10000000	10000000
2062/63	10000000	10000000	10000000
2063/64	10000000	10000000	10000000
2064/65	10000000	10000000	10000000
2065/66	10000000	10000000	10000000
2066/67	10000000	10000000	10000000
2067/68	10000000	10000000	10000000
2068/69	10000000	10000000	10000000
2069/70	10000000	10000000	10000000
2070/71	10000000	10000000	10000000
2071/72	10000000	10000000	10000000
2072/73	10000000	10000000	10000000
2073/74	10000000	10000000	10000000
2074/75	10000000	10000000	10000000
2075/76	10000000	10000000	10000000
2076/77	10000000	10000000	10000000
2077/78	10000000	10000000	10000000
2078/79	10000000	10000000	10000000
2079/80	10000000	10000000	10000000
2080/81	10000000	10000000	10000000
2081/82	10000000	10000000	10000000
2082/83	10000000	10000000	10000000
2083/84	10000000	10000000	10000000
2084/85	10000000	10000000	10000000
2085/86	10000000	10000000	10000000
2086/87	10000000	10000000	10000000
2087/88	10000000	10000000	10000000
2088/89	10000000	10000000	10000000
2089/90	10000000	10000000	10000000
2090/91	10000000	10000000	10000000
2091/92	10000000	10000000	10000000
2092/93	10000000	10000000	10000000
2093/94	10000000	10000000	10000000
2094/95	10000000	10000000	10000000
2095/96	10000000	10000000	10000000
2096/97	10000000	10000000	10000000
2097/98	10000000	10000000	10000000
2098/99	10000000	10000000	10000000
2099/00	10000000	10000000	10000000
2100/01	10000000	10000000	10000000



City of
Troy



Members

Dennis Bostick

Ward Randol, Jr.

David R. Hay

Ernest C. Reschke

Arkan Jonna

Douglas J. Schroeder

Laurence G. Keisling

Earle Van Dyke

Alan M. Kiriluk, **Chairman**

Dane Slater

P. Terry Knight

Executive Director

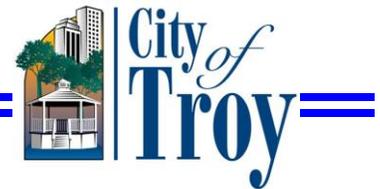
Daniel MacLeish

Mark F. Miller

Albert Papa

2013/14 Budget

Troy Downtown Development Authority



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, February 7, 2000, August 5, 2002, December 16, 2002 and June 4, 2007.

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; to fund improvements contained in the Big Beaver Corridor Study 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.



2013-14 Budget

Revenue

Property Taxes	\$ 216,040
Contribution from City General Fund	120,200
Investment Income	6,000
Total Revenue	<u>342,240</u>

Expenditures

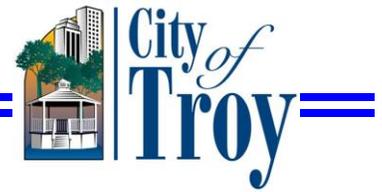
Administrative Expenses	-
Audit fees	3,070
Tax Tribunals	106,193
Street Island Maint.	-
Debt Service - Big Beaver Phase 2 & 3	1,193,088
Debt Service - MTF Bonds (Roch. Rd.)	-
Debt Service - Refund 1995 Dev. Bonds Series A	825,525
Debt Service - Community Center Series 2002	824,425
Debt Service - Community Center Jr. Lien 2003	419,832
Total Expenditures	<u>3,372,133</u>

Net Surplus (Use) of Fund Balance	(3,029,893)
Beginning Fund Balance (Estimated)	3,029,893
Ending Fund Balance	<u>\$ (0)</u>

**Captured Taxable Value
2013-14**

	<u>Real Taxable</u>	<u>Personal Taxable</u>	<u>Total Taxable</u>
1993 - Initial Value	342,302,000	86,976,530	429,278,530
2013/14 - Taxable Value	<u>330,627,388</u>	<u>111,550,260</u>	<u>442,177,648</u>
Captured Taxable Value	<u>(11,674,612)</u>	<u>24,573,730</u>	<u>12,899,118</u>

	<u>Oakland County</u>	<u>Oakland Comm. College</u>	<u>City of Troy</u>	<u>Total</u>
Millage Rates	\$ 4.65	\$ 1.58	\$ 10.52	\$ 16.75



Projected Use of Bond Reserves

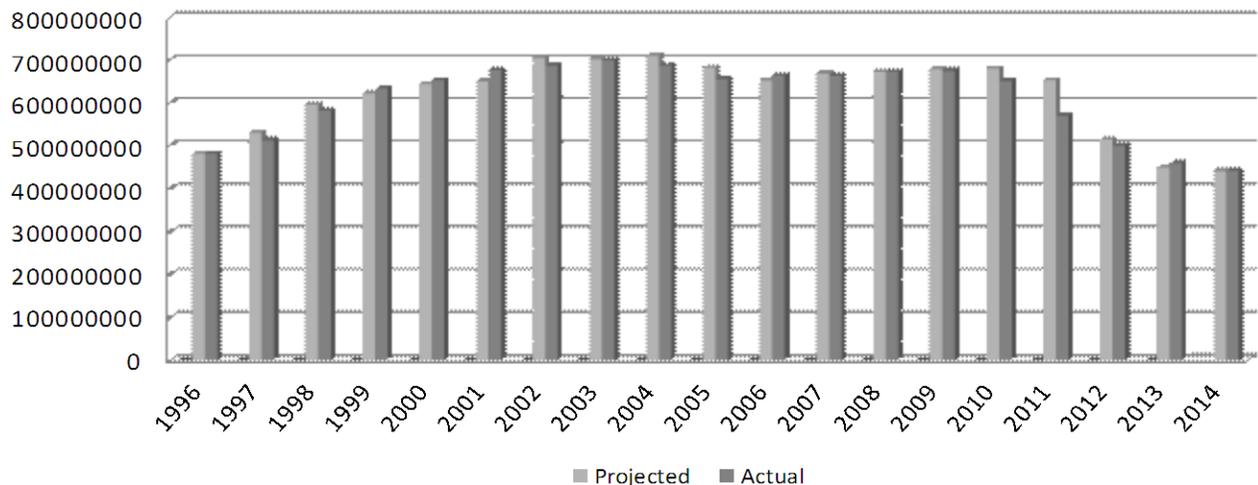
	Series 2001 Big Beaver & Series A	Series 2002 Community Center	Series 2003 Comm. Ctr. Jr. Lein	Total
Balance 6/30/2012	\$ 2,024,875	\$ 816,004	\$ 402,500	\$ 3,243,379
Payment 5/1/2013	(195,098)	(78,609)	(50,219)	(323,926)
Balance 6/30/2013	1,829,777	737,395	352,281	2,919,453
Payment 11/1/2013	(1,629,367)	(679,618)	(307,668)	(2,616,653)
Balance 11/1/2013	200,410	57,777	44,613	302,800
Payment 5/1/2014	(200,410)	(57,777)	(44,613)	(302,800)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**Projected and Actual Captured Valuation
April, 2013**

Total DDA Base

Fiscal Year	Initial Valuation	Projected Valuation	Projected Captured	Actual Valuation	Actual Captured
1996	429,278,530	482,321,290	53,042,760	482,321,290	53,042,760
1997	429,278,530	531,054,797	101,776,267	513,251,790	83,973,260
1998	429,278,530	595,752,807	166,474,277	582,784,390	153,505,860
1999	429,278,530	622,051,685	192,773,155	634,117,140	204,838,610
2000	429,278,530	644,521,355	215,242,825	653,782,621	224,504,091
2001	429,278,530	650,903,679	221,625,149	677,550,840	248,272,310
2002	429,278,530	705,343,067	276,064,537	687,261,110	257,982,580
2003	429,278,530	702,063,909	272,785,379	700,292,970	271,014,440
2004	429,278,530	710,501,087	281,222,557	687,610,440	258,331,910
2005	429,278,530	682,725,921	253,447,391	656,443,260	227,164,730
2006	429,278,530	652,413,515	223,134,985	664,930,800	235,652,270
2007	429,278,530	668,894,972	239,616,442	664,121,560	234,843,030
2008	429,278,530	672,433,613	243,155,083	673,838,080	244,559,550
2009	429,278,530	679,300,371	250,021,841	675,603,180	246,324,650
2010	429,278,530	681,089,262	251,810,732	650,996,995	221,718,465
2011	429,278,530	653,644,255	224,365,725	570,194,110	140,915,580
2012	429,278,530	515,367,735	86,089,205	500,735,100	71,456,570
2013	429,278,530	450,004,446	20,725,916	459,617,310	30,338,780
2014	429,278,530	441,144,429	11,865,899	442,177,648	12,899,118



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
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	1,194,125.00
	\$ 14,255,000		\$ 7,164,573.17	\$21,419,573.17	\$ 21,419,573.17

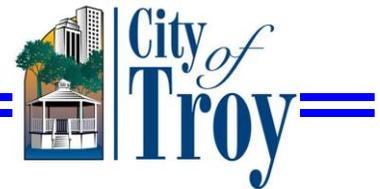


**Bond Debt Service
Refunding Bonds, Series 2001
Refunding of Callable 1995 DDA Bonds, Series A (Tax-Exempt)**

**Refunding Portion
Final Pricing**

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

Period Ending	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



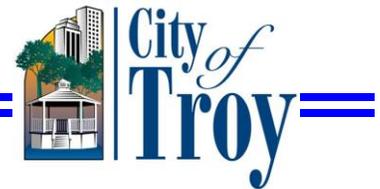
\$9,700,000

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

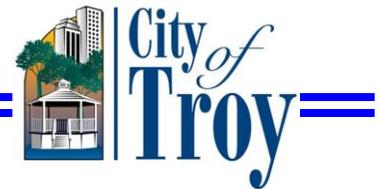
*Dated date, June 1, 2003, first interest payment due
November 1, 2003 – 5 months.

Table 1
Downtown Development Authority Bonds

Schedule of Projected Taxable Values
(Actual through 2012)

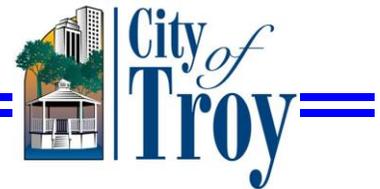
Year	Total Real	Total Personal	Total Real & Personal	Initial Assessed Value	Captured Taxable Value
1994	342,342,400	86,936,130	429,278,530	429,278,530	-
1995	338,797,800	111,884,290	450,682,090	429,278,530	21,403,560
1996	334,906,240	147,415,050	482,321,290	429,278,530	53,042,760
1997	366,197,830	147,053,960	513,251,790	429,278,530	83,973,260
1998	391,782,920	191,001,470	582,784,390	429,278,530	153,505,860
1999	430,125,100	203,992,040	634,117,140	429,278,530	204,838,610
2000	432,998,790	220,783,831	653,782,621	429,278,530	224,504,091
2001	469,734,570	207,816,270	677,550,840	429,278,530	248,272,310
2002	493,426,640	193,834,470	687,261,110	429,278,530	257,982,580
2003	520,281,770	180,011,200	700,292,970	429,278,530	271,014,440
2004	524,793,130	162,817,310	687,610,440	429,278,530	258,331,910
2005	522,118,430	134,324,830	656,443,260	429,278,530	227,164,730
2006	531,379,920	133,550,880	664,930,800	429,278,530	235,652,270
2007	538,571,100	125,550,460	664,121,560	429,278,530	234,843,030
2008	546,229,050	127,609,030	673,838,080	429,278,530	244,559,550
2009	548,608,230	126,994,950	675,603,180	429,278,530	246,324,650
2010	529,452,075	121,544,920	650,996,995	429,278,530	221,718,465
2011	458,825,750	111,368,360	570,194,110	429,278,530	140,915,580
2012	395,679,810	105,055,290	500,735,100	429,278,530	71,456,570
2013	354,325,570	105,291,740	459,617,310	429,278,530	30,338,780
2014	340,140,448	101,003,981	441,144,429	429,278,530	11,865,899
2015	329,934,675	97,963,767	427,898,442	429,278,530	(1,380,088)
2016	323,337,225	96,016,034	419,353,259	429,278,530	(9,925,271)
2017	320,101,814	95,054,074	415,155,888	429,278,530	(14,122,642)
2018	316,893,486	94,087,758	410,981,244	429,278,530	(18,297,286)
2019	316,888,265	93,161,777	410,050,042	429,278,530	(19,228,488)

Assumes no new development in the district.



Annual Debt Requirements

Year Ending June 30,	Refunding Bonds 2001	Big Beaver Phase 2 & 3	Comm. Center 2002	Comm. Center Jr. Lien 2003	Amount of Annual Interest	Total
2014	\$ 620,000	\$ 895,000	\$ 650,000	\$ 325,000	\$ 772,870	\$ 3,262,870
2015	655,000	945,000	700,000	350,000	648,965	3,298,965
2016	690,000	1,000,000	725,000	400,000	515,815	3,330,815
2017	725,000	1,055,000	775,000	450,000	376,640	3,381,640
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
	\$ 4,255,000	\$ 6,170,000	\$ 4,500,000	\$ 2,525,000	\$ 2,624,340	\$20,074,340



**Five -Year Budget Projection
April 27, 2012**

Investment Income	-	-	-	-	-
Total Revenues	-	-	-	-	-
Expenditures					
Operating Expenditures					
Operating Expenses	-	-	-	-	-
Administrative Expense	-	-	-	-	-
Street Island Maintenance	-	-	-	-	-
Tax Tribunals	-	-	-	-	-
Total Operating	-	-	-	-	-
Debt Service Expenditures					
Big Beaver Phase 2 & 3	1,192,500	1,194,000	1,195,125	1,196,000	1,194,125
Refund Series 'A'	825,465	823,475	821,375	824,125	820,000
Community Center-2002	848,075	844,215	863,075	854,600	868,700
Community Center Jr.-2003	432,925	469,125	502,065	531,875	510,625
Total Debt Service	3,298,965	3,330,815	3,381,640	3,406,600	3,393,450
Total Expenditures	3,298,965	3,330,815	3,381,640	3,406,600	3,393,450
Revenues (Under) Expenditures	\$ (3,298,965)	\$ (3,330,815)	\$ (3,381,640)	\$ (3,406,600)	\$ (3,393,450)
 Estimated Fund Balance	 \$ (3,298,965)	 \$ (6,629,780)	 \$ (10,011,420)	 \$ (13,418,020)	 \$ (16,811,470)

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.