



CITY COUNCIL AGENDA ITEM

Date: May 15, 2012

To: Brian Kischnick, City Manager

From: Mark F. Miller, Director of Economic and Community Development
Thomas Darling, Acting Director of Finance & Administration

Subject: Approval of the Troy Downtown Development Authority's Proposed Fiscal Year 2013/14 Budget

The Downtown Development Authority (DDA) approved their proposed 2013/14 budget at the May 15, 2013 DDA meeting.

The City-captured tax rate of 10.52 mills, Oakland County 4.65 mills and Oakland County Community College. 1.58 mills was used in determining the DDA property tax revenue, based on a captured taxable value of \$12,899,118.

The DDA's proposed fiscal year 2013/14 budget is hereby submitted to City Council for their approval.



City of
Troy



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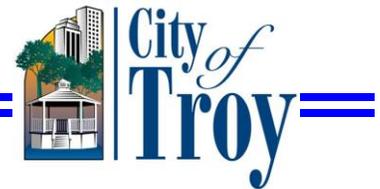
Mark F. Miller

Secretary/Treasurer

Thomas Darling

2013/14 Budget

Troy Downtown Development Authority

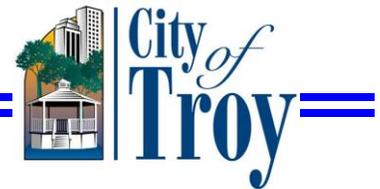


Introduction

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	342,240

Expenditures

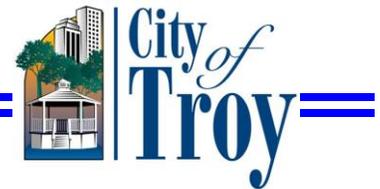
Administrative Expenses	-
Audit fees	3,070
Tax Tribunals	106,193
Street Island Maint.	-
Debt Service - Big Beaver Phase 2 & 3	1,193,088
Debt Service - MTF Bonds (Roch. Rd.)	-
Debt Service - Refund 1995 Dev. Bonds Series A	825,525
Debt Service - Community Center Series 2002	824,425
Debt Service - Community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

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

**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

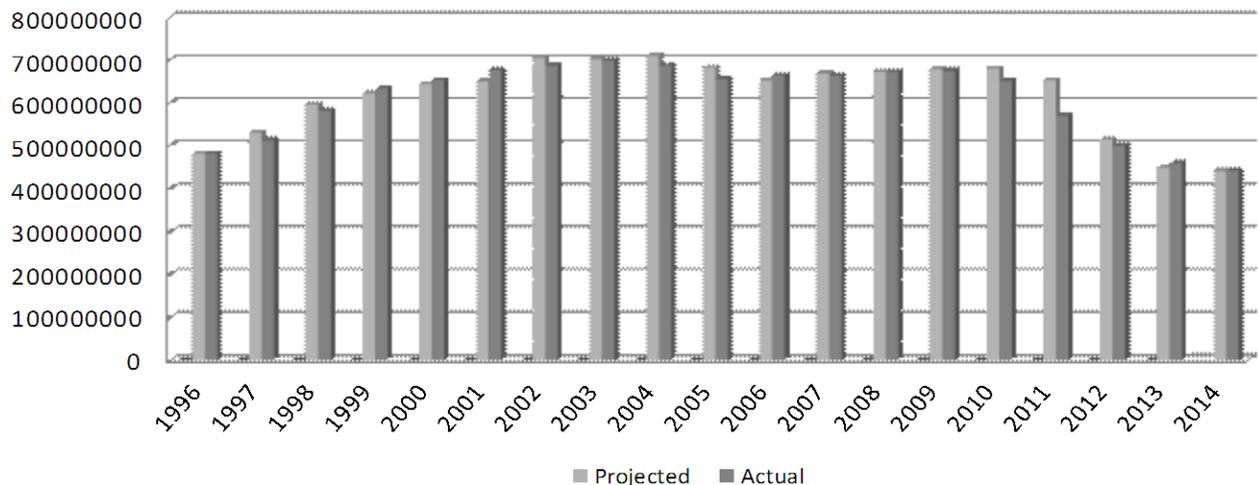
	Series 2001 Big Beaver & Series A	Series 2002 Community Center	Series 2003 Comm. Ctr. Jr. Lein	Total
Balance 6/30/2012	\$ 2,024,875	\$ 816,004	\$ 402,500	\$ 3,243,379
Payment 5/1/2013	(195,098)	(78,609)	(50,219)	(323,926)
Balance 6/30/2013	1,829,777	737,395	352,281	2,919,453
Payment 11/1/2013	(1,629,367)	(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>



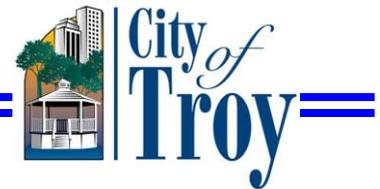
**Projected and Actual Captured Valuation
April, 2013**

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.

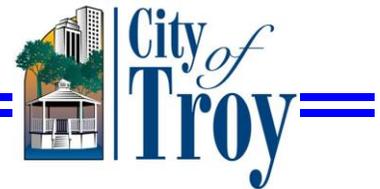


**Bond Debt Service
Development Bonds, Series 2001**

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

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

Period	Principal	Coupon	Interest	Debt Service	Annual Debt
Ending					
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



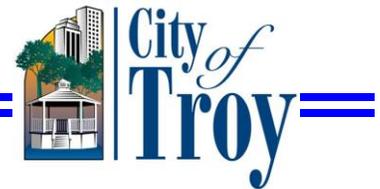
\$9,700,000

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.

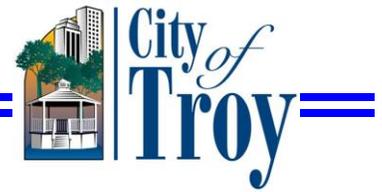


Table 1
Downtown Development Authority Bonds

Schedule of Projected Taxable Values
(Actual through 2012)

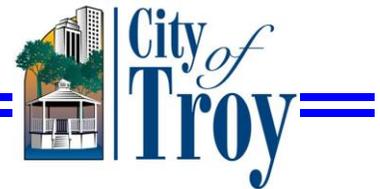
Year	Total Real	Total Personal	Total Real & Personal	Initial Assessed Value	Captured Taxable Value
1994	342,342,400	86,936,130	429,278,530	429,278,530	-
1995	338,797,800	111,884,290	450,682,090	429,278,530	21,403,560
1996	334,906,240	147,415,050	482,321,290	429,278,530	53,042,760
1997	366,197,830	147,053,960	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.