

**AN ORDINANCE TO ADOPT AND APPROVE A DEVELOPMENT PLAN AND A TAX INCREMENT FINANCING PLAN FOR ISHPEMING'S DEVELOPMENT AREA PURSUANT TO THE PROVISIONS OF ACT 197, PUBLIC ACTS OF MICHIGAN OF 1975, AS AMENDED, AND TO PROVIDE FOR ALL MATTERS RELATED THERETO**

WHEREAS, the Ishpeming City Council held a public hearing on December 16, 1992, to hear comments on the adoption of a "Tax Increment Financing and Development Plan" for the Ishpeming Development Area; and

WHEREAS, the Council has determined that the Plan constitutes a public purpose; and

WHEREAS, the Plan as submitted meets the requirements set forth in Act 197, P.A. of 1975, as amended; and

WHEREAS, the proposed method of financing and development is feasible and the Authority has the ability to arrange the financing; and

WHEREAS, the development is reasonable and necessary to carry out the purposes of Act 197, P.A. 1975, as amended; and

WHEREAS, the Development Plan is in reasonable accord with the approved City Master Plan and other plans of Ishpeming; and

WHEREAS, the public services are or will be adequate to service the Development Area; and

WHEREAS, no zoning changes are anticipated; and

Whereas, minor street changes are anticipated for the Development Area which will improve circulation for the area; and

WHEREAS, the installation of utilities in the Plan are necessary for the project and the City.

NOW, THEREFORE, BE IT ORDAINED that the City Council of Ishpeming does hereby approve the "Tax Increment Financing and Development Plan" for the Ishpeming Development Area.

BE IT FURTHER ORDAINED that the following sections are adopted as a part of this Ordinance and shall apply to the Ishpeming Development Area.

Section 1. Definition. The terms used in this Ordinance shall have the following meaning unless the context clearly requires otherwise:

(a) "Act 197".

The term Act 197 means the Downtown Development Authority Act No 197, Public Acts of Michigan of 1975, as amended.

(b) "Base Year Assessment Roll".

The term Base Year Assessment Roll means the base year assessment roll prepared by the City Assessor in accordance with Section 4 of this Ordinance and Exhibit A of the Tax Increment Plan.

(c) "Captured Assessed Value".

The term Captured Assessed Value means the amount in any one year by which the current assessed value of the project area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in Section 14(1)(c) of Act 197 of 1975, exceeds the initial assessed value. The State Tax Commission shall prescribe the method for calculating captured assessed value.

(d) "Development Area".

The term Development Area means the area herein referred to as Ishpeming's Development Area.

(e) "Development Plan".

The term Development Plan means the Tax Increment Financing and Development Plan for the Ishpeming Development Area dated July 6, 1992, as amended and transmitted to the City Council by the Ishpeming Downtown Development Authority for public hearing, as modified by action of the Ishpeming City Council and confirmed by this Ordinance, copies of which are on file in the office of the City Clerk.

(f) "Downtown Development Authority".

The term Downtown Development Authority means the Ishpeming Downtown Development Authority as established in accordance with Act 197.

(g) "Initial Assessed Value".

The term Initial Assessed Value means the assessed value, as equalized, of all the 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. Property exempt from taxation at the time of determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax, shall not be considered property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in Section 14(1)(c) of Act 197 of 1975.

(h) "Project Fund".

The term Project Fund means the Downtown Development Authority Project Fund established pursuant to Section 6 of this Ordinance.

(i) "Taxing Jurisdiction".

The term Taxing Jurisdiction means each governmental unit levying an ad valorem property tax on all real and personal property in the Development Area, including taxes levied by the school boards of all school districts, the Marquette County Board of Commissioners, and the City of Ishpeming.

(j) "Tax Increment Financing Plan".

The term Tax Increment Financing Plan means the method of financing the activities outlined in the Development Plan for Ishpeming's Development Area.

(k) "Tax Increment Revenue".

The term Tax Increment Revenue means the revenue generated as captured assessed value which is intended to be used to finance the activities outlined in Section 8 of this Ordinance, excluding taxes levied for the payment of principal of and/or interest on obligations, which obligations were approved by the electors or obligations pledging the unlimited taxing power of the issuer.

Section 2. Approval and Adoption of Tax Increment Financing and Development Plan. The Tax Increment Financing and Development Plan, as amended by the Ishpeming City Council, is hereby approved and adopted. The duration of the plan shall be 20 years from the date of adoption of the plan, except as it may be extended or reduced by subsequent amendment of the plan and this Ordinance. A copy of the plan and all amendments thereto shall be maintained on file in the City Clerk's Office.

Section 3. Boundaries of the Development Area. The boundaries of the Development Area as set forth in City Ordinance No. 11-900 are hereby adopted, confirmed, and established for the duration of the Development Plan.

Section 4. Preparation of Base Year Assessment Roll.

- (a) Within 60 days of the effective date of this Ordinance, the City Assessor shall prepare the initial base year assessment roll. The initial base year assessment roll shall list each taxing jurisdiction in which the Development Area is located, the initial assessed value of the Development Area on the effective date of this Ordinance and the amount of tax revenue derived by each taxing jurisdiction from ad valorem taxes on the property in the Development Area.
- (b) The Assessor shall transmit copies of the initial base year assessment roll to the City Treasurer, County Treasurer, Downtown Development Authority, and each taxing jurisdiction, together with a notice that the assessment roll has been prepared in accordance with this Ordinance and the Tax Increment Financing Plan contained in the Development Plan approved by this Ordinance.

Section 5. Preparation of Annual Base Year Assessment Roll. Each year within 30 days following the final equalization of property in the Development Area, the Assessor shall prepare an updated base year assessment roll. The updated base year assessment roll shall show the information required in the initial base year assessment roll and, in addition, the captured assessed value for that year. Copies of the annual base year assessment roll shall be transmitted by the Assessor to the same persons as the initial base year assessment roll, together with a notice that it has been prepared in accordance with this Ordinance and the Development Plan.

Section 6. Establishment of Project Fund; Approval of Depository. The Treasurer of the Downtown Development Authority shall establish a separate fund which shall be kept in a depository bank account or accounts in a bank approved by the City Treasurer, to be designated Ishpeming's Downtown Development Authority Project Fund. All monies received by the Downtown Development Authority pursuant to the Tax Increment Financing and Development Plan shall be deposited in the project fund. All monies in that fund and earnings thereon shall be used only in accordance with the Tax Increment Financing and Development Plan and this Ordinance.

Section 7. Payment of Tax Increment to Downtown Development Authority. The City and County Treasurers shall, as ad valorem taxes are collected on the property in the development area, pay that proportion of taxes, excluding taxes levied for the payment of principal of and/or interest on obligations which obligations were approved by the electors or obligations pledging the unlimited taxing power of the issuer, and except for penalties and collection fees, that captured assessed value bears to the initial assessed value to the treasurer of the Downtown Development Authority for deposit in the project fund. The payments shall be made on the date or dates on which the City and County

Treasurers are required to remit taxes on each of the taxing jurisdictions.

Section 8. Use of Monies in the Project Fund. The money credited to the Project Fund and on hand therein from time to time shall be annually used in the manner described in Section D - Use of Tax Increments in the Tax Increment Financing Plan.

Section 9. Annual Report. Within 90 days after the end of each fiscal year, the Downtown Development Authority shall submit to the City Council, with copies to each taxing jurisdiction and the Michigan Department of Education, a report on the status of the project fund. The report shall include the amount and source of revenue in the account, the amount and purpose of expenditures from the account, the initial assessed value of the Development Area, the captured assessed value of the Development Area, the tax increments received and the amount of any surplus from prior years, and any additional information requested by the Ishpeming City Council or as deemed necessary by the Downtown Development Authority. The secretary of the Downtown Development Authority shall cause a copy of the report to be published once in full in a newspaper of general circulation in the City.

Section 10. Refund of Surplus Tax Increments. Any surplus money in the Project Fund, upon termination of the Development Plan, shall be paid by the Downtown Development Authority to the City Treasurer or County Treasurer, as the case may be, and shall be rebated by them to the appropriate taxing jurisdiction. After the initial five year period has elapsed, the Downtown Development Authority will assess the progress that has been made. Particular attention will be given to the amount of tax increment revenue that was actually generated during this period in comparison to the amount projected in the original plan. This assessment will be done in conjunction with the taxing jurisdictions and a five year report will follow. The report will outline courses of action to be taken with all taxing jurisdictions based on the five year assessment.

Section 11. Annual Budget. The Downtown Development Authority shall prepare and submit, for the approval of the City Council, a budget for the operation of the Downtown Development Authority for the ensuing fiscal year. The budget shall be prepared in a manner and contain the information required of all City departments. Before the budget may be adopted by the Downtown Development Authority, it shall be approved by the Ishpeming City Council.

Motion by Councilman LePage and seconded by Councilman Bosio to adopt the foregoing Ordinance as an emergency ordinance, effective immediately upon posting.

Ayes: Mayor Tobin, Councilmen Bosio and LePage

Nays: None

Absent: Councilmembers Blanck and Skauge

Adopted: December 30, 1992