Local Development Finance Authority

of the

Charter Township of Superior

DEVELOPMENT PLAN
AND
TAX INCREMENT FINANCE PLAN

April 2012

Charter Township of Superior
3040 North Prospect Rd.
Ypsilanti, MI 48198
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Table of Contents

1.0 Executive Summary ................................................................. 3-4

2.0 Introduction................................................................................. 5-6

3.0 Development Plan....................................................................... 7-8
   Section 15 (2)(a) ........................................................................... 9
   Section 15 (2)(b) ........................................................................ 10
   Section 15 (2)(c) ........................................................................ 11
   Section 15 (2)(d) ........................................................................ 12
   Section 15 (2)(e) ........................................................................ 13-14
   Section 15 (2)(f) ........................................................................ 15
   Section 15 (2)(g) ........................................................................ 16
   Section 15 (2)(h) ........................................................................ 17
   Section 15 (2)(i) ........................................................................ 18
   Section 15 (2)(j) ........................................................................ 19
   Section 15 (2)(k) ........................................................................ 20
   Section 15 (2)(l) ........................................................................ 21
   Section 15 (2)(m) ........................................................................ 22
   Section 15 (2)(n) ........................................................................ 23
   Section 15 (2)(o) ........................................................................ 24
   Section 15 (2)(p) ........................................................................ 25

4.0 Tax Increment Financing Plan.................................................. 26-27
   Section 12 (a) ............................................................................ 28
   Section 12 (b) ............................................................................ 29
   Section 12 (c) ............................................................................ 30
   Section 12 (d) ............................................................................ 31-32
   Section 12 (e) ............................................................................ 33
   Section 12 (f) ............................................................................ 34
   Section 12 (g) ............................................................................ 35
   Section 12 (h) ............................................................................ 36
   Section 12 (i) ............................................................................ 37
   Section 12 (j) ............................................................................ 38
Section 12 (k)........................................................................................................39
Section 12 (l)........................................................................................................40

Legal Description
Legal Description, Address, Property ID........................................9

Maps (attachments)
Map 1- The Township LDFA District Boundaries
Map 2- Aerial – LDFA District

Charts
Chart 1-Project 1 timeline-HATCI Expansion.........................12
Chart 2-Project 1 Costs-HATCI Infrastructure......................15

Tables
Table 1 – Anticipated Capture of Taxable Value....................31
Table 2 – Estimated Local Tax Increment Revenue (attachment)
Table 3 – Estimated Impact on Local Taxing Units........39
Executive Summary

The Board of Trustees of the Charter Township of Superior (the Township), Washtenaw County, Michigan, having determined that it is necessary for the best interests of the public to encourage local development to prevent conditions of unemployment and promote economic growth, adopted a resolution on October 17th, 2011 declaring its intention to create and provide for the operation of a Local Development Finance Authority (LDFA). The resolution stated that the Township Board is strongly committed to the development of local properties to prevent conditions of unemployment and promote economic growth.

The Township Board has received and reviewed reports from the Township administration that these objectives are furthered by the creation of a local development financing authority and the exercise of powers granted to a board authority pursuant to the Local Development Financing Act, Act 281 of 1986, as amended (the “Act”).

In order to create a local development financing authority, the Act requires the Township Board (a) to declare by resolution its intention to create and provide for the operation of a local development financing authority (LDFA) and designate the boundaries of the authority district or districts; (b) to publish and provide a notice of the public hearing in accordance with the requirements set forth in §4 of the Act (MCL 125.2154); (c) to conduct a public hearing affording a resident, taxpayer, or property owner from a taxing jurisdiction in which the proposed district is located or an official from the taxing jurisdiction with millage that would be subject to capture a right to be heard in regard to the establishment of the LDFA and the boundaries of the proposed district; and, (d) to adopt a resolution establishing the LDFA and designating the boundaries of the district or districts within which its powers are exercised.

In accordance with the Act, on November 21st, 2011 the Board held a public hearing to consider the creation of a LDFA. The Board directed Township Administration to proceed with the preparation of a resolution establishing the Local Development Finance Authority of the Charter Township of Superior (the “LDFA”) and designating the boundaries of the authority district pursuant to and in accordance with the provisions of the Act, as amended, for consideration at a special meeting on Thursday, January 19th, 2012.

On January 19th, 2012 the Township Board adopted a resolution confirming the creation of the LDFA and designated the boundaries of the authority district pursuant to and in accordance with the provisions of the Act. The district is located at 6800 Geddes Road (Parcel 1: 10-32-100-003), and includes two additional Geddes Road parcels: Parcel 2: 10-32-100-007; and Parcel 3: 10-33-200-002. Parcels 1 and 2 are adjacent and contiguous and under Hyundai North America Technical Center Inc. (HATCI) ownership. These properties are bordered by Geddes Road to the north and LeForge to the east. Parcel 3 is owned by Eyde et al. and is bordered by Geddes Road to the north and LeForge Road to the west.

On February 13th, 2012 the Board of the LDFA approved a Development and Tax Increment Financing Plan for the HATCI expansion project. On__________, 2012, the Township Board

Charter Township of Superior
LDFA Development Plan and TIF Plan
held a public hearing in accordance with the Act, to consider the approval of the Development Plan and Tax Increment Financing Plan and adopted a resolution approving the Development and Tax Increment Financing Plan.

HATCI will expand the current facility by 19,000 square feet that will provide a new dynamometer test facility (HATCI refers to this as the Environmental Chassis Chamber) that can provide an extreme cold and heat environment of -40 centigrade and up to +120 centigrade. HATCI will also add 50 engineers, at an average wage of $90,000 annually. The LDFA district created on behalf of HATCI will facilitate this expansion.

The HATCI is a key design, technology, and engineering facility for Korean-based Hyundai-Kia Motors Group. This investment continues to demonstrate that the Ann Arbor region and southeast Michigan is a global hub for automotive research and development.

The Development Plan addresses electrical infrastructure issues associated with HATCI’s expansion. The current site (Parcel 1) consists of a 194,213 square foot building on 55.44 acres. To address this issue HATCI must increase their electrical capacity from a 40kv line to a 120kv line. The additional capacity requires a substation and underground electrical infrastructure to HATCI at an estimated cost of $2,500,000.

The Tax Increment Financing Plan (TIF Plan) was prepared utilizing a December 31st 2010 assessment year taxable value for the District of $26,532,000. The projected capital investment in real property is $15,000,000. With the uncertainty of industrial property values, a 0% inflationary growth rate is considered. Over the fifteen year life of the LDFA tax increment finance plan the estimated tax incremental revenues generated is estimated at $565,211.

The Michigan Economic Development Corporation (MEDC) has provided a letter of support for a $2.5 million cash grant to HATCI for this expansion contingent on the approval of the Michigan Strategic Fund Board. The MEDC’s contribution toward this project has required a unique partnership with the LDFA. The LDFA will reimburse the MEDC tax increment revenue over a 15 year period to satisfy the local contribution request by the MEDC.
Introduction

The Township is located in the eastern edge of Washtenaw County. The Township encompasses 35.5 square miles and is located east of the western most suburbs of Metro Detroit, Ann Arbor to the west, and Ypsilanti to the south. The Township is a carefully planned mix of urban and rural interspersed with many square miles, of woods, wetlands, farmlands, and many other open spaces. In addition, the unique settlement of Dixboro located in the Northwest quadrant of the community, offers an historic dimension. With a population approaching 13,058 residents, the Township shares borders with 9 other jurisdictions.

The Township has developed into 6 distinct areas: The urban residential south; the rural residential north; the Dixboro Hamlet area; the Medical/Educational Center area (St. Joseph Mercy Hospital and in close proximity to Washtenaw Community College); The Technology Center Area (including HATCI); and the agricultural center. It is certainly reasonable to expect these patterns of development to continue. Overall, the Township has developed as a residential and agricultural community. With the exceptions of the St. Joseph Mercy Hospital, Washtenaw Community College, and HATCI, the Township does not have a concentration of commercial and industrial uses.

The Township Board, having determined that it is necessary for the best interests of the public to encourage local development to prevent conditions of unemployment and promote economic growth, established the LDFA on January 19, 2012, in accordance with the Act, as amended. The intent of the enabling legislation is to encourage manufacturing and high technology development in the Township.

The Act seeks to accomplish its goals by providing local units of government with the necessary legal, monetary and organization tools, to eliminate conditions of unemployment, underemployment, and joblessness and to promote economic growth through publicly initiated projects undertaken cooperatively with private sector participation.

The Development Plan outlines public facilities that are needed to support continued economic growth and prosperity in the Township by assisting HATCI with their expansion project. It is recognized that local economic development efforts will not only benefit Township residents, but also the region as a whole. It is for this reason, that tax increment financing is proposed to be utilized to help finance planned improvements by HATCI. Using this method, the financial burden for making public improvements (primarily electrical infrastructure) is shared with larger taxing jurisdictions under a partnership agreement.

The Finance Plan will provide for the capture of tax revenues from specific property within the LDFA including the capture of 50% of the local millages levied against real property. The HATCI expansion will also be approved for a 12 year Industrial facilities exemption certificate.
To meet the requirements of the Act, it is necessary to prepare a Development Plan and TIF Plan for the LDFA to adhere to when implementing and financing the District improvements.

The organization of the Development Plan and TIF Plan are in accordance with the requirements and follow the format presented in The Act. The Development Plan must include a legal description and map of the district, a description of the proposed construction activities, an implementation schedule, estimated construction costs and other pertinent information regarding the District.

The TIF Plan provides a summary of the methods proposed to generate the revenue needed to fund the proposed projects. As outlined in the TIF Plan, funding for projects will be generated through tax increment financing, grants, local cooperation and funding eligible under Section 10 of the Act.
Development Plan

The presentation of the Development Plan follows the statutory requirements of the Act, specifically Section 15(2)(a) through (p). (MCL 125.2165(a) through (p)).

The Act requires that a development plan contain all of the following:

(a) A description of the property to which the plan applies in relation to the boundaries of the authority district and a legal description of the property.

(b) The designation of boundaries of the property to which the plan applies in relation to highways, streets, or otherwise.

(c) The location and extent of existing streets and other public facilities in the vicinity of the property to which the plan applies; the location, character, and extent of the categories of public and private land uses then existing and proposed for the property to which the plan applies, including residential, recreational, commercial, industrial, educational, and other uses.

(d) A description of public facilities to be acquired for the property to which the plan applies, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements.

(e) The location, extent, character, and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion.

(f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

(g) A description of any portions of the property to which the plan applies, which the authority desire to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

(h) A description of desired zoning changes and changes in streets, street levels, intersections, traffic flow modifications, or utilities.

(i) An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing.

(j) Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority.

(k) The procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons.
(l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

(m) A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area.

(n) Provisions for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the uniform relocation assistance and real property acquisition policies act of 1970, Public Law 42 U.S.C 4601 to 4655.


(p) Other material that the authority, local public agency, or governing body considers pertinent. It shall be necessary for the board to prepare a development plan pursuant to this section if a development plan that adequately provides for accomplishing the proposed development program has already been prepared and where the development plan has been approved by the board and the governing body pursuant to sections 16 (MCL 125.2166) and 17(MCL 125.2167).
Section 15(2)(a)

A description of the property to which the plan applies in relation to the boundaries of the authority district and a legal description of the property. (MCL 125.2165(2)(a)).

At the January 19th, 2012 special meeting, the Township Board adopted a resolution creating the LDFA and establishing the boundaries of the development area now identified as the District.

Parcel 1: 10-32-100-003 (6800 Geddes Road):
ASSR REQ QCD L4621 P837 06/08/04 SU 32-1A PCL "I" COM AT NE COR OF SEC 32, TH S 87-03-35 W 60.00 FT TO A POB, TH S 02-12-36 E 2118.18 FT, TH S 87-03-35 W 1140.10 FT, TH N 02-12-36 W 2118.18 FT, TH N 87-03-35 E 1140.10 FT TO THE POB. PT OF NE 1/4 SEC 32, T2S-R7E. 55.44 AC.

Parcel 2: 10-32-100-007:
OWNER REQUEST SU 32-1B-1A PCL " II-A " COM AT NE COR OF SEC 32, TH S 02-12-36 E 2178.18 FT TO A POB, TH CONT S 02-12-36 E 369.59 FT, TH S 87-33-10 W 1803.00 FT, TH S 02-12-36 E 108.00 FT, TH S 87-33-10 W 504.33 FT, TH N 02-00-37 W 2636.05 FT, TH N 87-03-35 E 1098.21 FT, TH S 02-12-36 E 2178.18 FT, TH N 87-03-35 E 1200.10 FT TO THE POB. PT OF NE 1/4 SEC 32, T2S-R7E. 75.40 AC.

Parcel 3: 10-33-200-002:
REWRITE PER QCD L4621 P833 03/23/07 SU 33-4 W 1/2 OF NW 1/4 SEC 33, EXC BEG AT NW COR SEC 33, TH N 87-46-00 E 350.00 FT, TH S 02-12-36 E 60.00 FT, TH S 87-46-00 W 290.00 FT, TH S 02-12-36 E 1690.00 FT, TH S 87-46-00 W 60.00 FT, TH N 02-12-36 W 1750.00 FT TO THE POB. PT OF NW 1/4 SEC 33, T2S-R7E. 77.19 AC.

The district is now generally located in the PM District (Planned Manufacturing District) of the Township with Geddes Road being the north boundary. LeForge is the east boundary for Parcel 1 and 2, and the west boundary for Parcel 3. Generally, the LDFA district is adjacent to undeveloped residential and agricultural property on all sides.

Please see attached exhibit Map 1.
Section 15(2)(b) The designation of boundaries of the property to which the plan applies in relation to highways, streets, or otherwise. (MCL 125.2165(2)(b)).

Please See Attached Map 1 – The Township LDFA District Boundaries

The district is now generally located in the PM District (Planned Manufacturing District) of the Township with Geddes Road being the north boundary. LeForge is the east boundary for Parcel 1 and 2, and the west boundary for Parcel 3. Generally, the LDFA district is adjacent to undeveloped residential and agricultural property on all sides.

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Parcel 2: 10-32-100-007:
OWNER REQUEST SU 32-1B-1A PCL " II-A " COM AT NE COR OF SEC 32, TH S 02-12-36 E 2178.18 FT TO A POB, TH CONT S 02-12-36 E 369.59 FT, TH S 87-33-10 W 1803.00 FT, TH S 02-12-36 E 108.00 FT, TH S 87-33-10 W 504.33 FT, TH N 02-00-37 W 2636.05 FT, TH N 87-03-35 E 1098.21 FT, TH S 02-12-36 E 2178.18 FT, TH N 87-03-35 E 1200.10 FT TO THE POB. PT OF NE 1/4 SEC 32, T2S-R7E. 75.40 AC.

Parcel 3: 10-33-200-002:
REWRITE PER QCD L4621 P833 03/23/07 SU 33-4 W 1/2 OF NW 1/4 SEC 33, EXC BEG AT NW COR SEC 33, TH N 87-46-00 E 350.00 FT, TH S 02-12-36 E 60.00 FT, TH S 87-46-00 W 290.00 FT, TH S 02-12-36 E 1690.00 FT, TH S 87-46-00 W 60.00 FT, TH N 02-12-36 W 1750.00 FT TO THE POB. PT OF NW 1/4 SEC 33, T2S-R7E. 77.19 AC
Section 15(2)(c) The location and extent of existing streets and other public facilities in the vicinity of the property to which the plan applies; the location, character, and extent of the categories of public and private land uses then existing and proposed for the property to which the plan applies, including residential, recreational, commercial, industrial, educational, and other uses. (MCL 125.2165(2)(c))

Map 1 shows the district is now generally located in the PM District (Planned Manufacturing District) of the Township with Geddes Road being the north boundary. LeForge is the east boundary for Parcel 1 and 2, and the west boundary for Parcel 3. Generally, the LDFA district is adjacent to undeveloped residential and agricultural property on all sides. The LDFA district comprises all of the Township property zoned PM.

Existing public facilities include water main, sanitary sewer, are provided by the Township; and storm sewer, provided by Washtenaw County, located in right-of-way. All other telecommunications utilities are also available.

The zoning adjacent and contiguous to the LDFA is residential and agricultural.
Section 15(2)(d) A description of public facilities to be acquired for the property to which the plan applies, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements. (MCL 125.2165(2)(d)).

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Chart 1-HATCI

<table>
<thead>
<tr>
<th>Site Infrastructure Improvements</th>
<th>Projected Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical Infrastructure-Substation and Required Lines and Connections</td>
<td>2012-2013</td>
</tr>
</tbody>
</table>
Section 15(2)(e) The location, extent, character, and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion. (MCL 125.2165(2)(e)).

The LDFA Board is empowered to undertake a variety of assignments to revitalize and expand the industrial district. These powers include (MCL 125.2157 (7)), but are not limited to:

- Study and analyze unemployment, underemployment, and joblessness and the impact of the growth upon the authority district or districts;
- Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility;
- Develop long range plans, in cooperation with the agency which is chiefly responsible for planning the municipality, to promote the growth of the authority district or districts, and take steps that are necessary to implement the plans to the fullest extent possible to create jobs, and promote economic growth;
- Implement any plan of development necessary to achieve the purposes of this act in accordance with the powers of the authority as granted by this act;
- Make and enter into contracts necessary or incidental to the exercise of the board’s powers and the performance of its duties;
- Acquire by purchase or otherwise on terms and conditions and in a manner the authority considers proper, own or lease as lessor or lessee, convey, demolish, relocate, rehabilitate, or otherwise dispose of real or personal property, or rights or interest in that property, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect to property;
- Improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, or operate a building, and any necessary or desirable appurtenances to a building , as provided in section 12 (2) for the use, in whole or in part, of a public or private person or corporation, or a combination thereof;
- Fix, charge, and collect fees, rents, and charges for the use of a building, or property or a part of a building or property under the board’s control, or a facility in the building or on the property, and pledge the fees, rents, and charges for the payment of revenue bonds issued by the authority;
- Lease a building or property or part of a building or property under the board’s control;
- Accept grants and donations of property, labor, or other things of value from a public or private source;
- Acquire and construct public facilities;
- Incur costs in connection with the performance of the board’s authorized functions including, but not limited to, administrative costs, and architects, engineers, legal, and accounting fees;
- Plan, propose, and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act.
Public facilities are defined in accordance with MCL 125.2152 (2)(aa)

- A street, road, bridge, storm water or sanitary sewer;
- Sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination;
- Drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility;
- Rail line;
- Electric, gas, telephone or other communications, or any other type of utility line or pipeline;
- Or other similar or related structure or improvement, together with necessary easements for the structure or improvement;
- Except for rail lines, utility lines, or pipeline, the structures or improvements described in this sub paragraph shall be either owned or used by a public agency, functionally connected to similar or supporting facilities owned or used by a public agency, or designed and dedicated to used by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity;
- Any road street or bridge shall be continuously open to the public;
- A public facility shall be located on public property or in a public, utility, or transportation easement or right-of-way;
- The acquisition and disposal of land that is proposed or intended to be used in the development of eligible property or an interest in that land, demolition of structures, site preparation, and relocation costs.
- All administrative and real and personal property acquisition and disposal costs related to a public facility described in subparagraphs (i) and (iv), including, but not limited to, architects’, engineer’s, legal, and accounting fees as permitted by the district’s development plan.
- An improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1996 PA1, MCL 125.1351, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531

**HATCI Expansion**

**Chart 2**

<table>
<thead>
<tr>
<th>Site Infrastructure Improvements</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total DTE upgrade (Electrical Substation and 120KV Line)</td>
<td>$1,680,000</td>
</tr>
<tr>
<td>Underground Infrastructure and Electrical to HATCI</td>
<td>$820,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,500,000</strong></td>
</tr>
</tbody>
</table>

Charter Township of Superior
LDFA Development Plan and TIF Plan

14
Section 15 (2)(f)

A statement of the construction or stages of construction planned, and the estimated time of completion of each stage. (MCL 125.2165(2)(f)).

HATCI Expansion

Staged construction is expected to commence in June of 2012. HATCI will construct a 19,000 Environmental Chassis Chamber with anticipated occupancy of February 2013.

The underground infrastructure improvements are also expected to commence in the summer of 2012. The expected installation of the DTE Substation and installation of the 120 KV line is expected January 2013.
Section 15(2)(g)

A description of any portions of the development area that the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms. (MCL 125.2165(2)(g)).

Not applicable.
Section 15(2)(h)

A description of desired zoning changes and changes in streets, street levels, intersections, and traffic flow modifications, or utilities. (MCL 125.2165(2)(h)).

There are no proposed changes in zoning, streets, street levels, intersections, or traffic flow modifications. Changes in utilities are detailed in the section Section 15.(2)(e) of this Development Plan. (MCL 125.2165(2)(e)).
Section 15(2)(i)

An estimate of the cost of the development, a statement of the proposed method of financing the development, and the ability of the authority to arrange the financing. (MCL 125.2165(2)(i)).

HATCI Expansion

The total cost for the implementation of the projects as outlined in Chart 1 in section 15(2)(e) is approximately $2,500,000. HATCI will expand the current facility by 19,000 square feet that will provide a new dynamometer test facility (HATCI refers to this as the Environmental Chassis Chamber) that can provide an extreme cold and heat environment of -40 centigrade and up to +120 centigrade. HATCI will also add 50 engineers, at an average wage of $90,000 annually. The LDFA district created on behalf of HATCI will facilitate this expansion.

The activities of the authority and the development of public improvements shall be financed from the following sources:

- Tax Incremental Financing (TIF)
- MEDC New Business Development Incentives ($2,500,000)
- Municipal participation/Ann Arbor SPARK (Staff and Administrative Support/Start Up Costs)

The MEDC has approved a $2,500,000 grant to HATCI for the costs related to electrical infrastructure. This approval is subject to final review and approval by the Michigan Strategic Fund Board. Tax Increment Financing will be the primary source of funding for the project. The LDFA and MEDC will enter into a reimbursement agreement for the grant to HATCI, the agreement will outline a 15 year reimbursement using 50% of available LDFA revenues.
Section 15 (2)(j)

Designation of the person or persons, natural or corporate, to whom all or a portion of the development is to be leased, sold, or conveyed in any manner and for whose benefit the project is being undertaken if that information is available to the authority. (MCL 125.2165(2)(j)).

HATCI Expansion

The project is being undertaken for the benefit the HATCI Technical Center expansion. The electrical improvements will also benefit The Detroit Edison Company as part of their electrical transmission system.
Section 15.(2)(k)
The procedures for bidding for the leasing, purchasing, or conveying in any manner of all or a portion of the development upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons. (MCL 125.2165(2)(k)).

Not applicable.
Section 15(2)(l)

Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals. (MCL 125.2165(2)(l)).

Not applicable
Section 15(2)(m)

A plan for establishing priority for the relocation of persons displaced by the development in any new housing in the development area. (MCL 125.2165(2)(m)).

Not applicable.
Section 15(2)(n)

Provisions for the costs of relocating persons displaced by the development and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the uniform relocation assistance and real property acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894. (MCL 125.2165(2)(n)).

Not applicable.
Section 15(2)(o)

A plan for compliance with 1972 PA 227, MCL 213.321 to 231.332. (MCL 125.2165(2)(o)).

Not applicable.
Section 15(2)(p)

Other material that the authority, local public agency, or governing body considers pertinent. It shall be necessary for the board to prepare a development plan pursuant to this section if a development plan that adequately provides for accomplishing the proposed development program has already been prepared and where the development plan has bee approved by the board and the governing body pursuant to sections 16 and 17. (MCL 125.2165(2)(p)).

As required, the LDFA shall submit amendments to the Development Plan or Tax Increment Plan to the governing body (Board) for review and approval.
Tax Increment Financing Plan

The projects detailed within the Development Plan are designed to stimulate private sector investment within the District. Proposed project expenditures are intended to directly reimburse private entities redevelopment construction costs. A number of potential funding sources are available to the LDFA. The following narrative describes how programming expenditures will be funded.

It is the intention of this Plan to capture the incremental tax revenues generated within the District, and utilized ancillary funding sources such as grant programs, private cooperation, municipal participation, or other funding sources to which the LDFA may be eligible for under Section 10 of the Act (MCL 125.2160).

The presentation of the Tax Increment Financing Plan follows the statutory requirements of The Act, specifically Section 12(1)(a) through (k). (MCL 125.2162(a) through (k)).

(a) A statement of the reason that the plan will result in the development of captured assessed value that could not otherwise be expected. The reason may include, but are not limited to, activities of the municipality, authority, or others undertaken before formulation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means.

(b) An estimate of the captured assessed value for each year of the plan. The plan may provide for the use of part or all of the captured assessed value or, subject to subsection (3).

(c) The estimated tax increment revenues for each year of the plan.

(d) A detailed explanation of the tax increment procedure.

(e) The maximum amount of bond indebtedness to be incurred if any.

(f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, and the amount of advances by others to be repaid from tax increment revenues.

(g) The costs of the plan anticipated to be paid from tax increment revenues are received.

(h) The duration of the development plan and tax increment-financing plan.

(i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is or is anticipated to be located.

(j) A legal description of the eligible property to which the tax increment financing plan applies or shall apply upon qualification as eligible property.
(k) An estimate of the number of jobs to be created as a result of the implementation of the tax increment financing
Section 12(a)

A statement of the reasons that the plan will result in the development of captured assessed value that could no otherwise be expected. The reasons may include, but are not limited to, activities of the municipality, authority, or others undertaken before formulation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means. (MCL 125.2162)(1)(a)).

HATCI will expand the current (194, 213 square feet) by 19,000 square feet that will provide a new dynamometer test facility (HATCI refers to this as the Environmental Chassis Chamber) that can provide an extreme cold and heat environment of -40 centigrade and up to +120 centigrade. HATCI will also add 50 engineers, at an average wage of $90,000 annually.

HATCI has to increase their power capacity on-site. They currently have a 40kv line which is woefully inadequate for current and future needs. HATCI needs to increase their power capacity to a 120 KV line. The increase in power capacity will eliminate current power issues, but will also provide enough power for HATCI to complete an expansion of their facility.

The MEDC has provided a letter of support, contingent on Michigan Strategic Fund Board approval, for a $2,500,000 grant to HATCI for the costs related to electrical infrastructure. This approval is subject to final review and approval by the Michigan Strategic Fund Board. Tax Increment Financing will be the primary source of funding for the project. As a condition to the MEDC incentive the LDFA and MEDC will enter into a reimbursement agreement that will outline the repayment for the grant to HATCI over a 15 year term.

The Township Board will also support a 12 year Industrial Facility Exemption Certificate for real and personal property improvements. It is expected that the LDFA will commit at least 50% of its available tax increment revenues as a repayment stream to the MEDC.

It is anticipated that the taxable value of the property will increase from $26,532,000 to $34,032,000.
Section 12(b)

An estimate of the captured assessed value for each year of the plan. (MCL 125.2162)(1)(b)).

Table 1
Estimated Capture of Assessed Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Year</th>
<th>Base Value</th>
<th>Investment</th>
<th>New Value</th>
<th>Inflation</th>
<th>Captured Assessed Value</th>
</tr>
</thead>
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<td>0%</td>
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</tr>
<tr>
<td>2</td>
<td>2013</td>
<td>$26,532,000.00</td>
<td>$34,032,000.00</td>
<td>$34,032,000.00</td>
<td>0%</td>
<td>$7,500,000.00</td>
</tr>
<tr>
<td>3</td>
<td>2014</td>
<td>$26,532,000.00</td>
<td>$34,032,000.00</td>
<td>$34,032,000.00</td>
<td>0%</td>
<td>$7,500,000.00</td>
</tr>
<tr>
<td>4</td>
<td>2015</td>
<td>$26,532,000.00</td>
<td>$34,032,000.00</td>
<td>$34,032,000.00</td>
<td>0%</td>
<td>$7,500,000.00</td>
</tr>
<tr>
<td>5</td>
<td>2016</td>
<td>$26,532,000.00</td>
<td>$34,032,000.00</td>
<td>$34,032,000.00</td>
<td>0%</td>
<td>$7,500,000.00</td>
</tr>
<tr>
<td>6</td>
<td>2017</td>
<td>$26,532,000.00</td>
<td>$34,032,000.00</td>
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<td>0%</td>
<td>$7,500,000.00</td>
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<tr>
<td>7</td>
<td>2018</td>
<td>$26,532,000.00</td>
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<td>$7,500,000.00</td>
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<td>8</td>
<td>2019</td>
<td>$26,532,000.00</td>
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<td>0%</td>
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<td>$7,500,000.00</td>
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<td>$7,500,000.00</td>
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<tr>
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<td>2026</td>
<td>$26,532,000.00</td>
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<td>$7,500,000.00</td>
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<tr>
<td>16</td>
<td>2027</td>
<td>$26,532,000.00</td>
<td>$34,032,000.00</td>
<td>$34,032,000.00</td>
<td>0%</td>
<td>$7,500,000.00</td>
</tr>
</tbody>
</table>

The LDFA will only capture 50% of available revenue generated by the construction of the environmental chassis chamber. The LDFA will not capture any revenues from personal property taxes attributable to this investment. Additionally, the LDFA does not project any inflationary increases from either the value of existing HATCI property or on the new investment. Declines in real property value have been consistent and this trend is expected to continue into the foreseeable future.

*The development will occur during fiscal year 2012 with first revenue anticipated summer billing during fiscal year 2013.
Section 12(c)

The estimated tax increment revenues for each year of the plan. (MCL 125.2162)(1)(c).

See attached Table 2 for the local tax increment revenues
Section 12(d)

Detailed explanation of the tax increment procedure. (MCL 125.2162)(1)(d)).

Tax increment financing (TIF) is a governmental financing mechanism which contributes to economic growth and development by dedicating a portion of the tax base resulting from economic growth and development to certain public facilities and structures or improvements of the type designed and dedicated to public use and thereby facilitates certain projects which create economic growth and development.

The LDFA adopts by reference and incorporates the contents of the Development Plan contained herein to be adopted simultaneously with the TIF Plan.

Tax Increment Procedure

TIF is a method of funding public investments in an area slated for redevelopment by capturing, for a time, all or a portion of the incremental tax revenues those results from increased property values through private investment and inflation. The capture of incremental tax revenues is applied only to the designated district for which a development plan has been prepared and approved by the LDFA and governing body. This plan contains both the development plan and TIF plan.

The Act treats all increases in valuation resulting from the development plan whether in fact these increases bear any relation to the development or from inflationary increases on taxable values in the district. With some exceptions, the incremental tax revenues levied by other governmental units are captured through the approved TIF Plan. These include the Township, county, community college, Ypsilanti District Library, or any other millages that may apply in the future. The amount to be transmitted to a LDFA is that portion of the tax levy of all of these applicable taxing bodies paid each year on real property. Personal property taxes, although eligible, have been excluded from capture within the boundaries of this district. The LDFA will only receive 50% of the available revenues, while the taxing jurisdictions will be transmitted the remaining 50%.

"Initial value" means the taxable value, of the property within the boundaries of the district area at the time the resolution establishing the tax increment-financing plan is approved, as shown by the most recent assessment roll of the municipality at the time the resolution is adopted. "Captured value," means the amount in any one year by which the current taxable value of the district, exceeds the initial value. Property for which a commercial facilities exemption certificate an industrial facilities exemption certificate, or a commercial housing facilities exemption certificate, is in effect shall not be considered to be property that is exempt from taxation and they will be included in the overall initial value of the district. Tax dollars accrued from any incremental increase in taxable value, as a result of new development or annual inflationary increases, above the initial value (base year total) will then be captured and used by the LDFA for projects in the district. New taxable value resulting in personal property investment will be excluded from the tax increment-financing plan. The proposed personal property investment is less than the real property investment and its eventual depreciation is counterintuitive to tax increment financing.
Data presented in Table 1 represents the anticipated capture on the taxable value for the District through the year 2028. The base year, assessment year December 31, 2010 (Fiscal Year 2011), Taxable Value for the District is $26,532,000. The basic assumptions in this table are a 0% annual inflationary growth due to continued uncertainty of property values, and $15,000,000 million in new real property investment, resulting in $34,032,000 million in new taxable value.

Total Potential Revenue

HATCI Expansion

The total potential TIF revenue from local taxing units available to the LDFA from captured taxable value is displayed in Table 2. By the end of the term of this TIF Plan, it is estimated that approximately $565,211 could be captured and used for the projects designated by the LDFA for the District. The potential TIF revenue is derived from an estimated $15,000,000 million in new real property investment, including a projected annual 0% inflationary growth in the District over a 15 year time period. The Township Board will consider a 12 year Industrial Facilities Exemption Certificate for real and personal property related to this expansion. Personal property is not included in any potential revenue calculations.

The TIF Plan will capture 50% of the available tax increment revenues on the real property only, after a 12 year IFT has been calculated into the projections. The remaining revenues, including any related to personal property taxes, will be re-distributed to the affected taxing jurisdictions.

Section 12(e)
The maximum amount of note or bonded indebtedness to be incurred. (MCL 125.2162(e)).

HATCI Expansion

Certain state, federal, and local grants, loans, loan guarantees and other funding sources will be pursued for financing the projects approved for the District. The Development Plan can be financed through the authorization, issuance, and sale of revenue bonds, general obligation bonds and tax increment bonds. It is expected that the LDFA will be implemented on a “pay-as-you-go” basis as tax increment revenues are transmitted to the LDFA on an annual basis. The LDFA intends to create a project fund to deposit captured tax increment revenues to be used to finance the projects described in the Development Plan as sufficient funds become available. No bonded indebtedness is expected for the project.
Section 12(f)

The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, and the amount of advances by others to be repaid by tax increment financing. (MCL 125.2162)(f)).

The LDFA may use tax increment funds to pay or reimburse the Township for operating and planning expenditures related to the creation of the LDFA and the tax increment finance and development plans. The estimated cost of the expenditures is $50,000.
Section 12(g)

The costs of the plan anticipated to be paid from tax increment revenues as received. (MCL 125.2162)(g)).

All of the costs of the public facilities identified in the development plan are to be paid from tax increment revenues.
Section 12(h)

The duration of the development plan and tax increment plan. (MCL 125.2162)(h)).

The duration of this Development Plan and Tax Increment Financing Plan is 15 years, terminating at the end of the LDFA’s fiscal year on December 31, 2027 unless the Development Plan and TIF Plan are amended to extend or shorten its duration.
Section 12(i)

An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is or is anticipated to be located. (MCL 125.2162)(i)).

Table 3-Estimated Impact on Local Taxing Units

<table>
<thead>
<tr>
<th>Government Entity</th>
<th>Current Tax Rate</th>
<th>Percent of Total</th>
<th>Total Captured Non-Township Taxes</th>
<th>Total Captured Taxes By Entity</th>
<th>Percent of District Taxes Captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>1.4362</td>
<td>34.30%</td>
<td>$193,887.00</td>
<td>$193,887.00</td>
<td>34.30%</td>
</tr>
<tr>
<td>Ypsilanti Library</td>
<td>0.3769</td>
<td>9.00%</td>
<td>$50,875.75</td>
<td>$50,875.75</td>
<td>9.00%</td>
</tr>
<tr>
<td>Washtenaw CC</td>
<td>0.9214</td>
<td>22.01%</td>
<td>$124,389.00</td>
<td>$124,389.00</td>
<td>22.01%</td>
</tr>
<tr>
<td>Superior Township (Includes Fire/Law/General Operating)</td>
<td>1.4530</td>
<td></td>
<td>$196,060.50</td>
<td></td>
<td>34.69%</td>
</tr>
</tbody>
</table>

|                                      | Total            | Percent of Total | Total Captured Non-Township Taxes | Total Captured Taxes By Entity | Percent of District Taxes Captured |
|                                      | 4.1868           | 65.31%           | $369,150.75                      | $565,211.25                   | 100%                              |
Section 12(j)

A legal description of the eligible property to which the tax increment financing plan applies or shall apply upon qualification as eligible property. (MCL 125.2162)(j)).

The district is now generally located in the PM District (Planned Manufacturing District) of the Township with Geddes Road being the north boundary. LeForge is the east boundary for Parcel 1 and 2, and the west boundary for Parcel 3. Generally, the LDFA district is adjacent to undeveloped residential and agricultural property on all sides. The tax increment finance plan is applicable to Parcel 1 only.

Parcel 1: 10-32-100-003 (6800 Geddes Road):
ASSR REQ QCD L4621 P837 06/08/04 SU 32-1A PCL "I" COM AT NE COR OF SEC 32, TH S 87-03-35 W 60.00 FT TO A POB, TH S 02-12-36 E 2118.18 FT, TH S 87-03-35 W 1140.10 FT, TH N 02-12-36 W 2118.18 FT, TH N 87-03-35 E 1140.10 FT TO THE POB. PT OF NE 1/4 SEC 32, T2S-R7E. 55.44 AC.
Section 12(k)

An estimate of the number of jobs to be created as a result of implementation of the tax increment-financing plan. (MCL 125.2162)(k)).

HATCI Expansion

HATCI has announced that 50 high tech jobs will be created with an average annual wage of $90,000.
The proposed boundaries of a certified technology park to be created under an agreement proposed to be entered into pursuant to section 12a, an identification of the real property within the certified technology park to be included in the tax increment financing plan for purposes of determining tax increment revenues, and whether personal property located in the certified technology park is exempt from determining tax increment revenues. (MCL 125.2162(I)).

Not applicable
Table 2  
Estimated Local Tax Increment Revenue  
Of The Township  
LDFA

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Year</th>
<th>Base Value</th>
<th>Tax Increment Value</th>
<th>New Value</th>
<th>County</th>
<th>Township</th>
<th>Fire Fund</th>
<th>Law Fund</th>
<th>Library Fund</th>
<th>WCC</th>
<th>Annual LDFA Capture</th>
<th>Cumulative LDFA Capture</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>2013</td>
<td>$26,532,000.00</td>
<td>$7,500,000.00</td>
<td>$34,032,000.00</td>
<td>$10,771.50</td>
<td>$1,536.00</td>
<td>$5,343.75</td>
<td>$4,012.50</td>
<td>$2,826.38</td>
<td>$6,910.50</td>
<td>$31,400.63</td>
<td>$31,400.63</td>
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<tr>
<td>2</td>
<td>2014</td>
<td>$26,532,000.00</td>
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<td>$6,910.50</td>
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<tr>
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<td>2016</td>
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<td>2017</td>
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<td>$10,771.50</td>
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<td>$5,343.75</td>
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</tbody>
</table>

*The millage rate in the above schedule is reflective of two conditions: 1) The Superior Township Board of Trustees is expected to support a 12 year Industrial Facilities Exemption Certificate on real property investment, therefore this schedule includes a 12 year IFT rate. This rate concludes and years 13, 14, and 15 demonstrate that. 2) The Superior Township Board of Trustees is desirous to capture 50% of the available revenue after the IFT is accounted for. The remaining uncaptured 50% will be reimbursed to the taxing jurisdictions.

The millage rates in the schedule are 25% of the current rates for each taxing jurisdictions

Charter Township of Superior  
LDFA Development Plan and TIF Plan  
HATCI Expansion
Charter Township of Superior
LDFA Development Plan and TIF Plan
HATCI Expansion
CERTIFICATION

I, David M. Phillips, the duly qualified Clerk of the Charter Township of Superior, Washtenaw County, Michigan, do hereby certify that the foregoing is a true and correct copy of the Development Plan and Tax Increment Finance Plan which was approved by the Local Development Finance Authority of the Charter Township of Superior on February 13, 2012 and adopted by the Charter Township of Superior Board of Trustees at a regular meeting on April 16, 2012.

David Phillips, Superior Charter Township Clerk