

CITY OF STERLING HEIGHTS  
Regular Meeting of the  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
40555 UTICA ROAD  
586-884-9322  
CITY COUNCIL CHAMBERS  
February 16, 2016  
8:00 AM

MEETING CALLED TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

APPROVAL OF AGENDA

APPROVAL OF MINUTES OF January 19, 2016 Regular Meeting

NEW BUSINESS

1. To approve the Third Amended and Restated Tax Increment Finance and Development Plans and recommend approval to the Sterling Heights City Council.
2. To approve the Lease Agreement between Jetco and the Local Development Finance Authority (LDFA).
3. To approve the Month-to-Month Lease Agreement Renewal between Linked, LLC and the Local Development Finance Authority (LDFA).
4. Oakland University report of rental analysis and other Macomb OU-Incubator information.

OLD BUSINESS

PUBLIC COMMENT

ADJOURNMENT

CITY OF STERLING HEIGHTS  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
MINUTES OF THE REGULAR MEETING  
January 19, 2016 – 8:00 a.m.  
40555 Utica Road, Sterling Heights, MI 48313  
586-884-9322  
City Council Chambers

Draft

Phil Hunsberger called the meeting to order at 8:01 a.m.

**Pledge of Allegiance**

Members present at roll call: Lori Doughty, Phillip Hunsberger, Laurel Johnson, Richard Kincaid, John Lettang, Camille Silda, Jill Tomyn, Orest Zachary

Members absent: David Corba, Stephanie Eagen, John Lamerato, Victor Martin, Kerry Weishaupt

Also in attendance: Kathryn Quell, Building Services Specialist – City of Sterling Heights; Larry Herriman, Interim Director – Macomb OU-INCubator; Jason Castor, City Development Manager – City of Sterling Heights

**Motion to Approve the Agenda**

Moved by Lettang, supported by Zachary, to approve the agenda as presented.

Ayes: All

Nays: None

Motion carried.

**Motion to Approve the Minutes of December 15, 2015 Regular Meeting**

Moved by Lettang, supported by Zachary, to approve the minutes as presented.

Ayes: All

Nays: None

Motion carried.

**New Business**

**Introduction of Larry Herriman, Interim Director, Macomb OU-INCubator.**

Mr. Herriman presented a brief slideshow that included his professional background, a background of the Macomb-OU INCubator, activity at the incubator, and highlighted some of the clients of the incubator. He furthered discussed the process of evaluation and general guidelines regarding occupancy strategy for admittance as a tenant of the building. Mr. Herriman also discussed that the Oakland University staff is highly skilled in writing grants and receiving them as awarded. As processes are developed and established, along with the programs offered through the incubator, the information will be shared with the LDFA board.

**To approve the month-to-month Lease Agreement Renewal between Golden Products and Services, LLC and the Local Development Finance Authority (LDFA).**

Mr. Herriman stated that typically a startup company timeline would be three years and out. However, R&D requires 5 – 7 years. Golden Products has a patent for an infinitely variable transmission. At this time in Golden Product’s process, the incubator would like to renew their lease in the cubicle on a month-to-month basis. Golden Products has had opportunities with BAF funding that were not taken advantage of. Mr. Lettang asked if metrics have been established. Mr. Herriman responded yes, every six months there is a meeting with the company to evaluate their metrics. Volunteers meet with the companies quarterly. Assistance is given in creating a business plan. The volunteers are a simulated board of directors, Business Advisory Board, to assist the companies.

Moved by Zachary, supported by Kincaid to approve the month-to-month Lease Agreement Renewal between Golden Products and Services, LLC and the Local Development Finance Authority (LDFA).

Ayes: All  
Nays: None  
Motion carried.

**To nullify the one-year lease renewal and approve the month-to-month Lease Agreement Renewal between NFC North America, Inc. and the Local Development Finance Authority (LDFA).**

Ms. Quell stated that NFC North America Inc. was brought into the incubator as a tenant of the International Landing Zone on a three-month program. Upon expiration of the three months, NFC North America was approved, at the December 15, 2015 LDFA meeting for a one-year lease. Concurrently, the city attorney was preparing a month-to-month lease to be utilized at the discretion of the landlord, for non-core tenants and shorter term tenants. NFC North America fits the model of a month-to-month agreement and therefore, is requesting the change.

Moved by Lettang, supported by Zachary to nullify the one-year lease renewal and approve the month-to-month Lease Agreement Renewal between NFC North America, Inc. and the Local Development Finance Authority (LDFA).

Ayes: All  
Nays: None  
Motion carried.

**To approve finalization of the Velocity Parking Lot Repairs, Phase I, City Project #14-256.**

Mr. Castor stated that the deficient base of the lot caused the project to run over by \$8800. Mr. Kincaid inquired if there is a guarantee. Mr. Castor stated yes, there is a two-year guarantee and the lot should last 20 years. Mr. Lettang questioned the video charges. Mr. Castor stated the video was taken prior to the project to record any pre-existing damage. Ms. Silda inquired who would bear the costs if damage occurred after 2 years. Mr. Castor responded that the city DPW would perform patching. Mr. Zachary inquired if a 2 year warranty is typical. Mr. Castor stated yes it is for concrete or asphalt.

Moved by Zachary, supported by Kincaid to approve finalization of the Velocity Parking Lot Repairs, Phase I, City Project #14-256.

Ayes: All  
Nays: None  
Motion carried.

### **Old Business**

Mr. Hunsberger inquired in regards to the status of the studies being performed by Hubbell, Roth and Clark whereas funds were approved at the LDFA meeting of December 15, 2015 and Ms. Gerstenberg agreed to advise the LDFA board on any public hearings in regards to the studies. Ms. Quell stated that she would follow up and report her findings.

### **Board Members Report**

None

### **Public Comment**

None

### **Adjournment**

Moved by Zachary, supported by Kincaid to adjourn.

Ayes: All  
Nays: None  
Motion carried.

The meeting adjourned at 9:00 am

Kq



**Business of the LDFA  
Sterling Heights, Michigan**

Item No:  
Meeting: 2/16/2016

**AGENDA STATEMENT**

OMB AS03 Rev. 11/04

**Item Title:** LDFA/SMARTZONE Third Amended and Restated TIF and Development Plan

**Submitted By:** Luke Bonner, Senior Economic Development Advisor

**Contact /Telephone:** Luke Bonner 734-846-9746

**Administration (initial as applicable)**

**Attachments**

|   |                                     |  |
|---|-------------------------------------|--|
| <input type="checkbox"/> City Clerk                       | <input type="checkbox"/> Resolution | <input type="checkbox"/> Minutes             |
| <input type="checkbox"/> Finance & Budget Director        | <input type="checkbox"/> Ordinance  | <input checked="" type="checkbox"/> Plan/Map |
| <input type="checkbox"/> City Attorney (as to legal form) | <input type="checkbox"/> Contract   | <input checked="" type="checkbox"/> Other    |
| <input type="checkbox"/> City Manager                     |                                     |  |

**Check box if this agenda item requires billing/revenue collection (fees, etc.) by Treasury Office**

**Executive Summary:**

The Local Development Finance Authority is empowered to undertake a variety of assignments to revitalize and expand the industrial district, including the development of long range plans that would promote the growth of the district.

Attached is the Third Amended and Restated Tax Increment Finance Plan and Development Plan. The Main Objective of this plan includes the following:

**Objective One** – BAE Systems Land and Armaments L.P., the benefactor of the “Original Plan”, did not provide valid invoices for repayment of their eligible activities with tax increment finance (TIF) revenues. Therefore, “the Plan” will eliminate TIF expenditures adopted in the “Original Plan” and reallocate them to eligible activities that benefit the broader LDFA district.

**Objective Two** – The “First Plan” referenced the Macomb OU-INCubator as the sole service provider of incubator related activities. The “Plan” removes Macomb OU-INCubator and references incubation services more generally as an eligible activity under the broader “SmartZone Activities” heading. The defined terms of service of any organization providing incubation services on behalf of the LDFA will require a contract between the LDFA and the specific service provider, or service providers.

**Objective Three** – The Second Plan has a combined tax increment finance capture, not to exceed \$500,000. The third amended and restated TIF plan eliminates the not to exceed portion of the capture.

**Objective Four** – A new project within the LDFA, known as Sterling Enterprise Park, will generate a significant amount of new TIF revenue. The Third Plan will include the eligible activities in the broader LDFA district supported by TIF revenue generated by the Sterling Enterprise Park development project.

**Objective Five** – The Sterling Enterprise Park project will also generate new school TIF. The Third Plan will reflect the school tax capture and its use to support incubator related activities as well as additional LDFA district improvements that support entrepreneurial growth. The charts in the Third Plan will acknowledge the change in these funding activities.

**Objective Six** – The Second Plan mistakenly used an incorrect base taxable value for the Chrysler Paint Facility. The

Paint Facility was built on a newly established IFT Parcel (Industrial Facility Tax) with a base value of \$0. However, a value of \$19,827,400 was used. The Third Plan corrects the base value of the Paint Facility and now projects an annual capture of \$256,288 of school capture and \$541,048 for local capture.

**Objective Seven** – The City of Sterling Heights, and the Sterling Heights LDFA, would like to pursue a 15-year extension to its tax increment finance capture period for SmartZone Related activities. On July 15<sup>th</sup>, 2015 Governor Snyder signed into law House Bill 4226. This legislation allows for up to 9 existing SmartZones (such as the City of Sterling Heights) extend tax capture for an additional 15 years to provide early stage company support services. The primary condition for an existing SmartZone (City of Sterling Heights) to qualify for a 15-year extension is to collaborate with another community outside of Macomb County, which also has the desire to create a SmartZone of their own. This partner community considered a “satellite” SmartZone location, would only be eligible to get such designation if it collaborates with an existing SmartZone (Sterling Heights). The satellite zones have a commitment to work with the partner zone on joint projects of interest. No exchange of resources or control of revenue collected in either zone is required in the partnership agreement. The City of Sterling Heights can capture school taxes under the SmartZone provision until approximately the 2025/2026 fiscal year.

**Suggested Action:**

MOVED BY:

SECONDED BY:

RESOLVED, to approve the Third Amended and Restated Tax Increment Finance and Development Plans and recommend approval the Sterling Heights City Council.



CITY OF Sterling Heights  
**ECONOMIC  
DEVELOPMENT**

| <u>Date</u> | <u>Approving Body</u> | <u>Description</u>   |
|-------------|-----------------------|--|
| 16-Feb      | LDFA Board            | LDFA Board- Approval of Third Amended and Restated Development Plan and Tax Increment Finance Plan.  |
| 1-Mar       | City Council          | Set public hearing regarding the approval of Third Amended and Restate Tax Increment Finance Plan and Development Plan for April 19th, 2016. Notice of the Public Hearing shall be posted twice in a newspaper of local circulation not more than 40 and not less than 20 days prior to the hearing. |
| 2-Mar       | City Clerk's Office   | Send the notice of public hearing to local newspaper of general circulation for posting in the March 6th and March 13th editions.  |
| 6-Mar       | Local Newspaper       | First publication of public hearing notice   |
| 13-Mar      | Local Newspaper       | Second publication of public hearing notice  |
| 19-Apr      | City Council          | Hold Public hearing on the Third Amended Tax Increment Finance Plan and Development Plan-Final Approval of the Plan.   |

**CITY OF STERLING HEIGHTS**

**Local Development Finance Authority**

**THIRD AMENDED AND RESTATED  
DEVELOPMENT PLAN**

**&**

**TAX INCREMENT FINANCE PLAN**

**2016**



**CITY OF STERLING HEIGHTS, MICHIGAN • 40555 UTICA ROAD**

**P.O. BOX 8009 • Sterling Heights, MI 48311-8009 • (586) 446-CITY (2489)**

## **CITY OF STERLING HEIGHTS CITY OFFICIALS**

### **City Council**

Mayor Michael C. Taylor  
Mayor Pro Tem Joseph V. Romano  
Councilwoman Deanna Koski  
Councilwoman Maria G. Schmidt  
Councilman Nate Shannon  
Councilman Doug Skryzniarz  
Councilwoman Barbara A. Ziarko  
  
City Manager Mark D. Vanderpool

### **Local Development Finance Authority Board Members**

Phillip Hunsberger - Chairman  
John Lettang - Secretary  
David Corba  
Lori Doughty  
Stephanie Eagen  
Laurel Johnson  
Richard Kincaid  
John Lamerato  
Victor Martin  
Camille Silda  
Jill Tomy  
Kerry Weishaupt  
Orest Zachary

City Development Director  
Denice Gerstenberg

Senior Economic Development Advisor  
Luke Bonner  
Bonner Advisory Group

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# 1.0 Executive Summary

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## **BACKGROUND**

The City Council of the City of Sterling Heights, Macomb 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 April 15<sup>th</sup>, 2008, declaring its intention to create and provide for the operation of a Local Development Finance Authority (LDFA). The resolution stated that “The City Council (the “Council”) of the City of Sterling Heights (the "City") is strongly committed to the revitalization and redevelopment of local properties to prevent conditions of unemployment and promote economic growth.”

The Council received and reviewed reports from the City Administration demonstrating 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 Finance Authority, the Act required Council (a) to declare by resolution its intention to create and provide for the operation of a Local Development Finance 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.

### **Original Development Plan and Tax Increment Finance Plan**

In accordance with PA 281, on May 20, 2008 the City Council held a public hearing to consider the creation of a Local Development Finance Authority. The City Council directed City Administration to proceed with the preparation of a resolution establishing a Local Development Finance Authority for the City of Sterling Heights and designating the boundaries of the authority district pursuant to and in accordance with the provisions of Act No. 281 of the Public Acts of 1986, as amended, for consideration at the regular meeting on Tuesday, August 6, 2008.

On August 19, 2008 the Sterling Heights City Council adopted a resolution confirming the creation of the Local Development Finance Authority and designated the boundaries of the original authority district pursuant to and in accordance with the provisions of Act No. 281 of the Public Acts of 1986. The original district was specific to the site located at 34201 Van Dyke between 14 and 15 Mile Road. On February 3, 2009, the City Council held a public hearing in accordance with PA 281, to consider the approval of the Development Plan and Tax Increment Finance Plan and adopted a resolution approving the original Development and Tax Increment Finance Plan (“The Original Plan”). This original Development Plan addressed issues associated with the redevelopment of the former TRW property by BAE Systems, including associated remediation costs resulting from environmental contamination on the site to be reimbursed. As a result of the approval of this plan, BAE Systems Land and Armament L.P. (BAE Systems) constructed a state of the art business development and technology center focused upon the requirements of the United States Department of Defense and its worldwide allies. This property

supports future business growth, product development, and personnel headcount expansion in Sterling Heights, Michigan by BAE Systems.

The LDFA district created on behalf of BAE Systems addressed issues associated with the redevelopment of the former TRW property. At that time, the site consisted of 529,105 square feet of office and obsolete manufacturing space. Additionally, the site was constructed in 1954 and had severe environmental implications. The previous owner, TRW Automotive, filed a Remedial Action Plan (RAP) with the Michigan Department of Environmental Quality for the western portion of the property known as the “former test track area”. Additional site preparation and remediation costs that were to be incurred by BAE and site infrastructure improvements required the use of Tax Increment Finance to ensure redevelopment of the site to productive use.

The original Tax Increment Finance Plan (Original TIF Plan) was prepared to support the redevelopment of the site at 34201 Van Dyke and utilized a December 31<sup>st</sup> 2008 assessment as the base, and fiscal year 2009/2010 taxable value for the original District of \$3,921,700. The capital investment in real property was projected to be \$54,000,000 with an inflationary growth rate of 1.5%. The goal of the TIF Plan was to reimburse BAE Systems eligible costs related to the redevelopment activities from tax increment revenues.

BAE Systems completed their project in 2011. The final investment value of real property was approximately \$26,000,000 with a 2014 taxable value of \$13,270,800. Local tax capture on BAE Systems project has averaged \$104,000 annually. BAE Systems did not comply with the provisions of the development agreement that required them to provide adequate documentation in order to receive reimbursements for eligible activities from the LDFA.

The tax increment revenue generated from 34201 Van Dyke will be re-distributed towards eligible activities throughout the entire LDFA district.

### **First Amended and Restated Development Plan and Tax Increment Finance Plan**

Subsequent to the approval of the original TIF Plan, the LDFA and City Council approved a First Amended and Restated Development Plan and Tax Increment Finance Plan. This First Amended and Restated Development Plan and Tax Increment Finance Plan amended the district boundaries, and added the SmartZone designation and Incubator project.

The subsequent approval of the First Amended and Restated Development Plan and Tax Increment Finance Plan (“First Plan”) was pursuant to amendments to the LDFA Act that were passed by the State legislature that providing for the creation of Certified Technology Parks (SmartZones or “Smart Parks”). Specifically, in 2008 the State of Michigan amended the LDFA Act to allow for 3 additional SmartZones to be added to the original limit of 12, bringing the State total to 15. SmartZones are designed to create clusters of technology businesses and research institutions throughout the state, and intended designed to encourage partnerships between municipalities, universities and business by creating an environment of cooperation.

On or about July 1, 2008, the City made application to the Michigan Economic Development Corporation (MEDC) for designation of the authority district as a certified technology park (“SmartZone”).

On or about October 15, 2008, the MEDC gave notice to the City that its application had been approved for the designation of a SmartZone.

On December 16, 2008, the City Council approved a SmartZone Agreement between the MEDC, City, and Sterling Heights LDFA. By the terms of this Agreement, the City is required to designate for the MEDC the area of the authority district to be included in the designated SmartZone on or before June 1, 2009.

On February 17, 2009, the City Council adopted a resolution of intent to amend the boundaries of the authority district.

On March 17, 2009, the City Council conducted a public hearing which afforded residents, taxpayers, property owners, and officials from taxing jurisdictions with millages subject to capture, an opportunity to be heard in regard to the proposed amendment to the boundaries of the authority district. Following the March 17<sup>th</sup> public hearing, City Council resolved to direct City Administration to proceed with the preparation of a resolution amending the boundaries of the authority district within which the LDFA exercises its powers. On May 19, 2009 the City Council adopted a resolution amending the boundaries of the district. The district is now generally located in the central portion of the city with 14 Mile Road being the south boundary, Van Dyke the east boundary, Mound the west boundary, and M-59 the north boundary.

The SmartZone Agreement further required that the Development Plan and Tax Increment Finance Plan approved by resolution of the City Council on February 3, 2009 be amended for the purpose of reflecting the activities and the tax increment financing of the Incubator. Accordingly, pursuant to and in accordance with the Act, the City Council set a public hearing on December 1, 2009, notice of which has been given as required by Section 4(2) of the Act, to consider adoption of a resolution approving the First Amended and Restated Local Development Tax Increment Finance Plan and Development Plan. At this meeting, the City Council adopted a resolution approving the First Amended and Restated Local Development Finance Authority Plan in accordance with Public Act 281 of 1986, as amended.

The First Amended and Restated Development and Tax Increment Finance Plan provided for the capture of 50% of *local* taxes to reimburse BAE for eligible expenses associated with the redevelopment of 34201 Van Dyke (consistent with the Original Development Plan and Tax Increment Finance Plan), and the capture of 50% of *school* taxes to provide for the incubator in the SmartZone. The ability to capture school taxes is provided by the SmartZone designation, and schools are made whole by the State under this program. The TIF funds captured pursuant to the SmartZone agreement may be used to fund property acquisition, infrastructure, business incubators and other park facilities, management and marketing for the SmartZone.

The related SmartZone Agreement entered into by the Michigan Economic Development Corporation, City of Sterling Heights, and the Sterling Heights Local Development Finance Authority provides that the capture of tax increment revenue is for a period of 15 years for tax levies imposed on or after January 1, 2011 through December 31, 2025. (See Appendix p 60-61)

#### Business Incubator

The SmartZone program includes the development of a “business incubator” as described in Act 281. Under the First Amended and Restated Development Plan and Tax Increment Finance Plan, the Authority’s four-year university partner is Oakland University. A business incubator program has been operating at 6633 18 Mile Road, the facility also known as Velocity, within the Technology Advancement SmartZone of Sterling Heights. The Incubator program will be devoted to assisting early stage technology companies and the regional high-technology and manufacturing industry. The growth of high-technology businesses in the Certified Technology Park will in turn yield economic development benefits within the City of Sterling Heights and the surrounding Macomb County community.

## **Second Amended and Restated Development Plan and Tax Increment Finance Plan**

Two new projects were announced in 2011 that would generate new activity in the Local Development Finance Authority district and result in TIF revenue. Significant investment occurred at the Chrysler Sterling Heights Assembly Plant location on Van Dyke between 16 Mile and 17 Mile, making the site a highly advanced and modern automotive assembly facility that will play an integral role in the success of the company by building the next generation of all-new vehicles.

### **Chrysler Sterling Heights Assembly Paint Shop**

Chrysler Group LLC (Chrysler) invested approximately \$850 million in an all new, 425,000 square-foot paint shop at the Sterling Heights Assembly Plant. This project revived the plant, previously slated for closure. This project retained 1,300 jobs and created 900 additional new jobs, not to mention thousands of indirect jobs through suppliers and support industries in the community. The new paint shop enables production of a variety of vehicles with new, state-of-the-art equipment and an eco-friendly focus. The project resulted in \$21,357,363 million of increased taxable value upon completion, and an associated local tax increment of approximately \$541,048,000 per year. Supported by a tax abatement from the City, the project revenue will increase upon expiration of this abatement in 2024 to a projected value of approximately \$1,082,096.

### **Chrysler Sterling Heights Assembly Body Shop**

Chrysler invested a total of \$165 million to add a new one million square-foot body shop to the Sterling Heights Assembly Plant, including the addition of new equipment that made the facility the most advanced in the industry. The new Body Shop replaced the existing outdated shop on the site and compliment the investment at the Paint shop, further securing the future of this site as a premier assembly location for Chrysler and securing the retention of jobs at this location. The project resulted in \$36,325,651 million increase of taxable value upon completion, and an associated local tax increment of approximately \$417,952 per year.

Approval of the proposed Second Amended and Restated Development Plan and Tax Increment Finance Plan (“Second Plan”) allows for the capture of TIF revenue from real property to support the SmartZone program in the LDFA and to provide adequate funding for the Incubator (TIF Expenditure Project 2). Personal property taxes, although eligible, have been excluded from capture within the boundaries of this district. Specifically, the Second Amended and Restated Development Plan and Tax Increment Finance Plan will allow for revenue capture necessary to support SmartZone management, administration, facility costs and marketing, as well as maintain support of the business incubator.

The proposed “Second Plan” maintains the TIF funding from BAE, and allows for additional capture from Chrysler. The combined amount (from Chrysler projects and school TIF from BAE) is ***not to exceed \$500,000 annually for SmartZone Activities***. Local TIF revenue from BAE to provide for eligible costs related to the redevelopment activities is unaffected and is not included in the not to exceed amount. It is anticipated that a TIF capture not to exceed \$500,000 for SmartZone activities will be possible from the combined school TIF capture resulting from the BAE Systems project, and the Chrysler Sterling Heights Assembly Paint Shop project TIF alone once completed. However, the Chrysler Sterling Heights Assembly Body Shop is included because it is on the same parcel as the Paint Shop project, and will provide a reasonable assurance that there will be sufficient funding to support the incubator building location, personnel costs, and SmartZone activities despite any unforeseeable changes to project timing, scope, or taxable value. There is no longer a \$500,000 annual cap on SmartZone Activities.

## 2.0 Introduction

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The City of Sterling Heights is located in the west central region of Macomb County. The City encompasses 36.8 square miles and is bounded by M-59 to the north, Dequindre Road to the west, 14 Mile Road to the south and Hayes Road to the east. With a population approaching 130,000 residents, the City is the fourth largest municipality in the State of Michigan. Approximately 3,500+ commercial and industrial businesses are located within the City.

A diversity of industrial uses are concentrated in the City's central corridor between Mound Road and Van Dyke Road, from 14 Mile Road and M-59. Commercial uses are concentrated along two major corridors within the City; the Van Dyke corridor, which bisects the city from south to north, and M-59 which is the northernmost boundary of the City and traverses east to west.

The City Council, 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 Local Development Finance Authority on August 19, 2008, in accordance with P.A. 281 of 1986, as amended. The intent of the enabling legislation is to encourage manufacturing and high technology development in Sterling Heights.

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 City of Sterling Heights. It is recognized that local economic development efforts will not only benefit city 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 within the LDFA district support by revenue from by BAE Systems development (34201 Van Dyke) and Sterling Enterprise Park (7171 17 Mile Road). Using this method, the financial burden for making public improvements (primarily infrastructure and environmental) is shared with larger taxing jurisdictions under a partnership agreement.

Additionally, it will provide funding to support the ongoing efforts to support small businesses and SmartZone activities, including the acquisition, construction, furnishing and equipping of a business incubator facility and related infrastructure, operating expenses, business planning, intellectual property management, technology transfer, commercialization and capital acquisition services, the hiring of a director to manage the incubator, and administrative and marketing costs.

The Finance Plan will provide for the capture of tax revenues from certain property within the Certified Technology Park including the capture of 50% of the operating levies of State, K-12 school districts and the State Education Tax.

To meet the requirements of PA 281, 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 PA 281 of 1986. 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 generated through tax increment financing, grants, local cooperation and funding eligible under Section 10 of PA 281.

### **Third Amended and Restated Development Plan and Tax Increment Financing Plan**

The Third Amended and Restated Development Plan and Tax Increment Financing Plan “(the Third Plan)” accomplishes six objectives.

**Objective One** – BAE Systems Land and Armaments L.P., the benefactor of the “Original Plan”, did not provide valid invoices for repayment of their eligible activities with tax increment finance (TIF) revenues. Therefore, “the Plan” will eliminate TIF expenditures adopted in the “Original Plan” and reallocate them to eligible activities that benefit the broader LDFA district.

**Objective Two** – The “First Plan” referenced the Macomb OU-INCubator as the sole service provider of incubator related activities. The “Plan” removes Macomb OU-INCubator and references incubation services more generally as an eligible activity under the broader “SmartZone Activities” heading. The defined terms of service of any organization providing incubation services on behalf of the LDFA will require a contract between the LDFA and the specific service provider, or service providers.

**Objective Three** – The Second Plan has a combined tax increment finance capture, not to exceed \$500,000. The third amended and restated TIF plan eliminates the not to exceed portion of the capture.

**Objective Four** – A new project within the LDFA, known as Sterling Enterprise Park, will generate a significant amount of new TIF revenue. The Third Plan will include the eligible activities in the broader LDFA district supported by TIF revenue generated by the Sterling Enterprise Park development project.

**Objective Five** – The Sterling Enterprise Park project will also generate new school TIF. The Third Plan will reflect the school tax capture and its use to support incubator related activities as well as additional LDFA district improvements that support entrepreneurial growth. The charts in the Third Plan will acknowledge the change in these funding activities.

**Objective Six** – The Second Plan mistakenly used an incorrect base taxable value for the Chrysler Paint Facility. The Paint Facility was built on a newly established IFT Parcel (Industrial Facility Tax) with a base value of \$0. However, a value of \$19,827,400 was used. The Third Plan corrects the base value of the Paint Facility and now projects an annual capture of \$256,288 of school capture and \$541,048 for local capture.

**Objective Seven** – The City of Sterling Heights, and the Sterling Heights LDFA, would like to pursue a 15-year extension to its tax increment finance capture period for SmartZone Related activities. On July 15<sup>th</sup>, 2015 Governor Snyder signed into law House Bill 4226. This legislation allows for up to 9 existing SmartZones (such as the City of Sterling Heights) extend tax capture for an additional 15 years to provide early stage company support services. The primary condition for an existing SmartZone (City of Sterling Heights) to qualify for a 15-year extension is to collaborate with another community outside of Macomb County, which also has the desire to create a SmartZone of their own. This partner community considered a “satellite” SmartZone location, would only be eligible to get such designation if it collaborates with an existing SmartZone (Sterling Heights). The

satellite zones have a commitment to work with the partner zone on joint projects of interest. No exchange of resources or control of revenue collected in either zone is required in the partnership agreement. The City of Sterling Heights can capture school taxes under the SmartZone provision until approximately the 2025/2026 fiscal year.

*The intent of the Third Plan is to outline in broad terms the activities that are eligible under Public Act 281 of 1986 as amended. The development plan should be very flexible in nature to limit the amount of times the plan requires an amendment to increase and add eligible activities and the associated costs of those activities. The ability to carry out the eligible activities is solely dependent on the revenue available to the LDFA, the cost of those activities, and the priorities set by the LDFA and City Council collectively. Each year the City and the LDFA approve a budget based on the priorities listed above and the revenues available to complete them. The LDFA and City should expect to have contracts in place with any vendor providing services. Those contracts will very clearly spell out the terms, performance requirements, and budget for that contract. The Sterling Enterprise Park project may have an unpredictable amount of investment, therefore the revenue to the LDFA is highly unpredictable. With that in mind, the size of investments conceptualized in the preceding charts reflect unpredictable investments. Charts 7 and 8 above cover the entire LDFA district as defined in section 15(2)(a)*

## **Sterling Enterprise Park**

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Sterling Enterprise Park, a new 144-acre industrial development, is located at 7191 Seventeen Mile Road. In 2015, the vacancy rate for industrial real estate for lease was approximately 2.7%. With increased production in the automotive industry and a tremendous rebound in the North American manufacturing sector, industrial space in Sterling Heights is at a premium. The new park will cater to industrial uses as large as 500,000 square feet or as small as 60,000 square feet. It is anticipated this development will ultimately provide anywhere between 1.3 million to 1.8 million square feet of industrial space.

The LDFA district encompasses nearly 30 million square feet of industrial, office, and commercial real estate over 6 square miles. The district itself impressively houses many major facilities, including two Ford facilities (Axle and Transmission), two Fiat-Chrysler facilities (Stamping and Assembly), General Dynamics Land Systems, KUKA Systems, BAE Systems, among others. The district developed over the last fifty to sixty years, and much of the infrastructure requires upgrades and additions to accelerate the pace of manufacturing technology. Obsolete and blighted properties also exist throughout the LDFA district. These properties could impede development, and at times, contribute to a negative perception of the area. The Third Plan will address infrastructure upgrades, property acquisition, and promotion and marketing opportunities. Infrastructure upgrades include, but are not limited to; road construction, completing streets, improving traffic flow, high gigabyte fiber connectivity, and traffic and engineering studies. The intent of property acquisitions may include but are not limited to; acquiring and removing blight, improving road connectivity and traffic flow, and leasing facilities to qualified companies. Marketing and promotional activities include but are not limited to; streetscape enhancements, LDFA district branding studies, directional and place making signage, social media and website marketing.

The Third Amended and Restated Tax Increment Finance Plan (TIF Plan) is prepared to support the investment of eligible activities within the approved LDFA district. The December 31<sup>st</sup> 2014 assessment is the base year, and fiscal year 2015/2016 taxable value for the Sterling Enterprise Park property is \$2,818,200. The capital investment in real property is conservatively projected to be \$100,000,000 with an inflationary growth rate of 1.5%. The Projected Local TIF Capture over 20 years is \$12,370,619. The City of Sterling Heights Administration has proposed capturing 50% of the available TIF revenue, and returning the remaining 50% to the taxing jurisdictions. Therefore, the total project TIF capture at 50% is \$6,185,310. The Projected Local School Capture over 10 years, fiscal year ending 2025/2026 (consistent with the 15 year capture period under the SmartZone program) to be \$3,057,054.

## 3.0 Development Plan

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The presentation of the Development Plan follows the statutory requirements of PA 281, specifically Section 15(2)(a) through (p). (MCL 125.2165(a) through (p)).

PA 281 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.

(o) A plan for compliance with 1972 PA 227, MCL 213.321 to 231.332. of the Michigan Compiled Laws.

(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)).**

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At the August 19, 2008 meeting, the City Council adopted a resolution creating the LDFA and establishing the boundaries of the development area now identified as the District.

On May 19, 2009, The City Council adopted a resolution amending the boundaries of the District to include the property designated below.

Section 4:

The East half of the West half of Section 4, Also Parcel Numbers 10-04-251-004, 10-04-401-001, 10-04-451-002, 10-04-451-003, 10-04-451-005, 10-04-451-006

Section 8:

Parcel Numbers 10-08-426-009, 10-08-426-014, 10-08-426-016, 10-08-476-010, 10-08-476-004, 10-08-476-013, 10-08-476-012, 10-08-476-011

Section 9:

All of Section 9 **Excluding** the following Parcel Numbers 10-09-226-011, 10-09-200-040, 10-09-200-045, 10-09-200-046, 10-09-200-011, 10-09-200-031, 10-09-200-044, 10-09-200-043, 10-09-200-016, 10-09-200-010, 10-09-277-007, 10-09-276-016, 10-09-200-028

All of Section 16

Section 17:

All of the platted subdivision named Parkridge Industrial Sub. No. 1, Parkridge Industrial Sub. No. 2, Parkridge Industrial Sub. No. 3, and Parkridge Industrial Sub. No. 4

Also Parcel Numbers 10-17-200-007, 10-17-226-032, 10-17-226-004, 10-17-226-045, 10-17-226-046, 10-17-226-047, 10-17-226-048, 10-17-226-049, 10-17-276-006, 10-17-276-006, 10-17-200-006, 10-17-276-008

All of Section 21

All of Section 28

All of Section 33

The district is now generally located in the central portion of the city with 14 Mile Road being the south boundary, Van Dyke the east boundary, Mound the west boundary, and M-59 the north boundary. 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)).**

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**Map 1 – City of Sterling Heights LDFA District Boundaries**

The district is now generally located in the central portion of the city with 14 Mile Road being the south boundary, Van Dyke the east boundary, Mound the west boundary, and M-59 the north boundary. Eligible activities under the Certified Technology Park provision Public Act 280 are included within this defined LDFA district.

**Map 2 – 34201 Van Dyke**

This site is located within the LDFA district. It is located at 34201 Van Dyke generally located west of Van Dyke Avenue, north of 14 Mile Road, and south of 15 Mile Road. The site is comprised of one parcel totaling 81.56 acres. This parcel is home to BAE Systems Land and Armaments, L.P.

**Parcel ID Number:**

10-33-276-004

**Parcel Address**

34201 Van Dyke

**Parcel Description:**

THAT PART OF LAND IN THE NORTHEAST 1/4 OF SECTION 33, TOWN 2 NORTH, RANGE 12 EAST, CITY OF STERLING HEIGHTS, MACOMB COUNTY, MICHIGAN T2N, R12E, SEC 33; S 60.0 ACRES OF E 1/2 OF NE 1/4; EXC THAT PART LYING N OF LINE DESC AS FOLL; COMM AT NE COR SEC 33; TH S01\*40'23"E 891.36 FT ALG E SEC LINE TO POB; TH S88\*10'34"W 1340.39 FT TO POE, EXC THAT PART FOR VAN DYKE; ALSO BEG AT SW COR OF E 1/2 OF NE 1/4 SEC 33; TH N88\*44'40"W 1004.32 FT; TH N02\*21'40"W 1313.12 FT; TH S89\*13'20"E 997.94 FT; TH S02\*04"W 1321.34 FT TO POB. 81.60 A. SPLIT FROM 1033276002 FOR 1988

**Map 3- 6633 18 Mile Road – Commonly known as Velocity**

The incubator is located within the LDFA district. It is located at 6633 18 Mile Road. Parsimony Lane is a private drive that connects 18 Mile Road to 18 ½ Mile Road. There is a nature preserve to the northwest of the site. Ford Transmission is to the East, and a 350,000 square foot industrial building is to the north.

**Parcel ID Number:**

10-09-300-042-000

**Parcel Description:**

T2N, R12E, SEC 9; COMM AT SW COR SEC 9; TH EAST 1829.68 FT; TH N19\*59'53"W 63.85 FT; TH EAST 193.23 FT TO POB; TH N00\*41'54"E 417.28 FT; TH 96.63 FT ALG A CURVE NW R=128, CB N20\*17'01"W 94.35 FT; TH N41\*43'53"W 449.73 FT; TH 64.52 FT ALG A CURVE NW R=88, CB N20\*06'46"W 63.08 FT; TH N01\*07'25"E 187.07 FT; TH S88\*38'43"E 965.88 FT; TH S01\*20'55"W 572.12 FT; TH WEST 530.00 FT; TH S01\*20'55"W 492.98 FT; TH WEST 65.54 FT TO POB. 12.25 AC. Split on 08/13/2003 into 10-09-300-041-000, 10-09-300-042-000;

**Map 4 - 38111 Van Dyke (Chrysler Plant and Body Shop)**

**Parcel ID Number:**

10-21-400-012

**Parcel Description:**

T2N, R12E, SEC 21 E 1/2 OF SEC 21, EXC M.C.R.R. R/W; ALSO EXC BEG AT SE COR SEC 21; TH N0\*10'W 330.0 FT; TH S89\*17'00"W 665.20 FT; TH S00\*06'00"W 330.0 FT; TH N89\*17'00"E 666.0 FT TO POB; ALSO EXC M-53 R/W DESC AS BEG AT NE COR SEC 21; TH S01\*28'59"E 2688.46 FT; TH S02\*00'29"E 2288.07 FT; TH S87\*16'37"W 77.0 FT; TH N02\*00'29"W 2288.07 FT; TH N88\*07'16"E 478.41 FT TO POB; ALSO EXC COM AT SE COR SEC 21; TH W 660.0 FT TO POB; TH N00\*06'00"E 60.01 FT; TH S89\*20'50"W 1951.12 FT; TH S00\*09'20"W 60.01 FT; TH N89\*20'50"E 1951.18 FT TO POB; ALSO EXC COMM AT INTERSECTION OF S SEC LINE & E R/W LINE OF M.C.R.R.; TH N00\*09'20"E 60.01 FT TO POB; TH N00\*09'20"E 600.0 FT; TH N89\*20'50"E 490.0 FT; TH S00\*09'20"W 600.0 FT; TH S89\*20'50"W 490.0 FT TO POB. ALSO EXC: T2N, R12E SEC 21 COMM AT NE 1/4 COR SEC 21; TH S01\*29'12"E 60.0 FT; TH S88\*07'16"W 110.0 FT TO POB; TH S01\*29'12"E 391.45 FT; TH S88\*31'01"W 143.14 FT; TH N01\*28'59"W 110.0 FT; TH N46\*40'52"W 141.58 FT; TH S88\*07'16"W 195.0 FT; TH N01\*52'44"W 180.0 FT; TH N88\*07'16"E 439.82 FT TO POB. SPLIT FROM -008 FOR 2002

This site is located within the LDFA district at 38111 Van Dyke generally located west of Van Dyke Avenue, north of Metro Parkway, and south of 17 Mile Road.

**Map 5 –7191 17 Mile Road - Sterling Enterprise Park – Commonly referred to as Sunnybrook**

This site is adjacent and contiguous to 17-mile road to the south, Conrail line and Ford Axle to the west, and commercial uses to the east. Located directly south of 17 mile from the site is the Chrysler Assembly plant. The City of Sterling Heights Department of Public Works is located to the north of this property. This parcel has a small section, which also connects to Van Dyke Ave to the east.

**Parcel ID Number:**

10-16-401-005-000

**Parcel Description**

T2N, R12E SEC 16 COMM AT SE COR SEC 16; TH N89\*23'00"W 1325.88 FT TO POB; TH N89\*23'00"W 1309.05 FT; TH N00\*06'37"E 2598.68 FT; TH N00\*00'57"E 1317.08 FT; TH S89\*36'02"E 1329.40 FT; TH S00\*29'29"W 1314.36 FT; TH S00\*21'08"W 33.63 FT; TH S89\*24'55"E 241.86 FT; TH S38\*57'44"E 168.59 FT; TH N89\*24'55"W 348.67 FT; TH S00\*21'08"W 660.99 FT; TH S89\*28'16"E 596.50 FT; TH S00\*10'24"W 99.30 FT; TH S89\*11'13"E 411.84 FT; TH S00\*10'00"W 65.0 FT; TH S89\*30'28"E 222.86 FT; TH S00\*40'23"W 327.65 FT; TH N88\*52'45"W 554.92 FT; TH S00\*41'01"W 905.65 FT; TH N89\*23'00"W 167.27 FT; TH N00\*33'33"E 260.00 FT; TH S89\*23'00"W 335.17 FT; TH N00\*21'24"E 42.98 FT; TH S59\*19'00"W 195.74 FT; TH S00\*14'00"W 590.24 FT TO POB. 142.36 AC. 02-21-05: Split/Comb 10-16-476-008 & 10-16-401-004 into 10-16-476-029 & 10-16-401-005

**Parcel ID**

10-16-426-021-000

**Parcel Description**

T2N, R12E, SEC 16: COMM AT E 1/4 COR SEC 16; TH S 925.0 FT ALG E SEC LINE; TH S89\*53'56"W 355.0 FT TO POB; TH CONT S89\*53'56"W 385.16 FT; TH N00\*24'42"W 100.0 FT; TH S89\*53'56"W 598.62 FT; TH N00\*10'25"W 495.0 FT; TH N89\*53'56"E 986.0 FT; TH S 595.0 FT TO POB. 12.08 AC SPLIT & COMB FROM -006, -015, -017 & -019 FOR 1997

Please see attached exhibit Maps 1-5.

**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)).**

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**Map 1- LDFA District** shows the district boundaries are adjacent to major arterial roadways that traverse the City of Sterling Heights and Macomb County. Van Dyke is to the east, Mound to the West, and M-59 to the north. 14 Mile road is the southern boundary and serves as a secondary feeder street. Existing public facilities include water main, sanitary sewer, and storm sewer located in right-of-way. All other telecommunications utilities are also available. Conrail bisects the district north and south. There are a variety of zoning classifications throughout the entire district that include industrial, commercial, and office. The Conrail service lines bisect this “corridor” allowing for rail access along the LDFA.

**Map 2 - 34201 Van Dyke** shows Van Dyke Avenue as adjacent and contiguous to the east of this parcel. Conrail railroad runs to the west of the property but is not contiguous; a private conservation easement buffers the property from the rail line. An abandoned rail spur is located on the northwest portion of the property. Existing public facilities include water main, sanitary sewer, and storm sewer located in the Van Dyke right-of-way. All other telecommunications utilities are also available. The Busch Drain runs on the western portion of the property, and a private drain borders the southern boundary. Current zoning for the BAE Systems site is M-1, (Light Industrial), the proposed use is allowed within this zoning category. A PCD (planned commercial district) is adjacent and contiguous to the south, and C-3 (General Business) zoned properties is adjacent and contiguous to the north.

**Map 3 – 6633 18 Mile Road (Velocity Center)** This building is approximately 12 years old and comprises approximately 35,000 square feet. 6633 18 Mile is a city road that serves a private industrial park known as Plumbrook Technology Park with many other tenants in adjacent buildings including Mitsubishi, TDIC, and United Machining. Water, sewer, sanitary, and all other major utilities service 18 Mile Road.

**Map 4 - 38111 Van Dyke (Chrysler Plant and Body Shop)**

This site is located within the LDFA district at 38111 Van Dyke generally located west of Van Dyke Avenue, north of Metro Parkway, and south of 17 Mile Road.

**Map 5 – 7191 17 Mile Road Sterling Enterprise Park** This site is adjacent and contiguous to 17-mile road to the south, Conrail line and Ford Axel to the west, and commercial uses to the east. Located directly south of 17 mile from the site is the Chrysler Assembly plant. The City of Sterling Heights Department of Public Works is located to the north of this property. This parcel has a small section, which also connects to Van Dyke Ave to the east. Existing public facilities include water main, sanitary sewer, and storm sewer located in the Van Dyke right-of-way. All other telecommunications utilities are also available. Current zoning for the site is M-2, (Heavy Industrial), the proposed use is allowed within this zoning category.

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)).

**Chart 1- Project 1: \*BAE Land and Armaments L.P.**

| Site Infrastructure Improvements                          | Projected Timeline |
|---|--------------------|
| Demolition  | 2009               |
| Site Preparation  | 2009               |
| Water Supply/Distr.                                       | 2010               |
| Sanitary Sewer  | 2010               |
| Storm Sewer   | 2010               |
| Tele/IT Distr. Sys.                                       | 2010               |
| Environmental Remediation                                 |                    |
| Surveying   | 2008               |
| Geotechnical Borings                                      | 2008               |
| Soil Remediation Oversight & VSR Sampling                 | 2009               |
| Remediation   | 2009               |
| Due Diligence and Baseline Environmental Assessment (BEA) | 2008               |
| Additional Environmental contingency                      | 2009               |

***\* The LDFA has no further obligation to pay costs relating to the BAE Land and Armaments L.P. and the TIF Revenue generated from the BAE Land and Armaments L.P. will be used to pay for eligible activities in other areas of the LDFA district to be better described in Chart 2 and Chart 3.***

**Chart 2 - Project 2: SmartZone Activities**

| SmartZone Expenditures  | Projected Timeline |
|---|--------------------|
| Administration and Operations (including Sterling Heights/Non Sterling Heights Personnel) | 2013and on-Going   |
| Road Improvements   | 2016 and on-going  |
| Marketing and Promotion   | 2016 and on-going  |
| Technology Acceleration programs  | 2016 and on-going  |
| Equipment for technology acceleration   | 2016 and on-going  |
| Grants and Loans to accelerate company growth   | 2016 and on-going  |
| Facility Improvements (owned or leased)   | 2016 and on-going  |
| High Gigabyte Fiber Improvements  | 2016 and on-going  |
| Entrepreneurial Training and Education  | 2016 and on-going  |
| Property Acquisition  | 2016 and on-going  |
| Technical Consultants   | 2016 and on-going  |
| Planning, Engineering, Environmental, or Market Studies                                   | 2016 and on-going  |

**Chart 3- Project 3: General LDFA Activities**

| <b>District Infrastructure Improvements</b>                | <b>Projected Timeline</b> |
|--|---------------------------|
| <b>Signage and Landscape Improvements</b>                  | 2016 and on going         |
| <b>Street Lighting and Signalization Improvements</b>      | 2016 and on going         |
| <b>Road and Rail Construction</b>                          | 2017 and on going         |
| <b>High Giga Byte Fiber</b>                                | 2017 and on going         |
| <b>Property Acquisition</b>                                | 2017 and on going         |
| <b>Sanitary, Stormwater, and Sewer System Improvements</b> | 2017 and on going         |
| <b>Environmental and Engineering</b>                       | 2016 and on going         |
| <b>Marketing and Promotion</b>                             | 2016 and on going         |

**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)).**

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The Local Development Finance Authority 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)(ff)**

- 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 pipe lines, 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
- Operational costs and the costs related to acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of land and other assets that are or may become eligible for depreciation under the internal revenue code of 1986 for a business incubator located within a certified technology park.
- Costs related to the acquisition, improvement, preparation, demolition, disposal, construction, reconstruction, remediation, rehabilitation, restoration, preservation, maintenance, repair, furnishing, and equipping of land and other assets that are or may become eligible for depreciation under the internal revenue code of 1896 for laboratory facilities, research and development facilities, conference facilities, teleconference facilities, testing, training facilities, and quality control facilities that are or that support eligible property under subdivision (p)(iii), that are owned by a public entity, and that are located within a certified technology park.
- Operating and planning costs included in a plan pursuant to section 12(1)(f), including costs of marketing property within the district and attracting development of eligible property within the district.

**Chart 4 - Project \*1: BAE Systems Land and Armaments L.P.**

| <b>Site Infrastructure Improvements</b>                   |                    |
|---|--------------------|
| Site Preparation  | \$154,800          |
| Water Supply/Distr.                                       | \$86,430           |
| Sanitary Sewer  | \$61,920           |
| Storm Sewer   | \$397,320          |
| Tele/IT Distr. Sys.                                       | \$180,600          |
| <b>Sub Total</b>  | <b>\$881,070</b>   |
| Escalation  | \$264,321          |
| <b>Environmental Remediation</b>                          |                    |
| Surveying   | \$40,765           |
| Geotechnical Borings                                      | \$6,450            |
| Soil Remediation Oversight & VSR Sampling                 | \$150,000          |
| Remediation   | \$500,000          |
| Due Diligence and Baseline Environmental Assessment (BEA) | \$170,000          |
| <i>Additional Environmental contingency</i>               | \$800,000          |
| <b>Subtotal</b>   | <b>\$2,812,606</b> |

*\* The LDFA has no further obligation to pay costs relating to the BAE Land and Armaments L.P. and the TIF Revenue generated from the BAE Land and Armaments L.P. will be used to pay for eligible activities in other areas of the LDFA district to be better described in Chart 2 and Chart 3.*

**Project 2: SmartZone Activities**

**Clarification Third Plan - Project 2 is supported by Tax Increment Revenue from BAE Systems Project, the Chrysler Paint and Body Shop, and the Sterling Enterprise Park.**

For purposes of securing designation of the LDFA district as a Certified Technology Park under the provisions of Public Act No. 281 of 1986, entitled *The Local Development Financing Act* (the Act), the City of Sterling Heights is required to “partner” with a Four-Year University, to fulfill the statutory requirement of demonstrating “significant support from an institution of higher education as evidenced by, but not limited to, the following types of support:

- (i) Grants of preferences for access to and commercialization of intellectual property.
- (ii) Access to laboratory and other facilities owned by or under control of the institution of higher education or private research-based institute.
- (iii) Donations of services.
- (iv) Access to telecommunication facilities and other infrastructure.
- (v) Financial commitments.
- (vi) Access to faculty, staff, and students.
- (vii) Opportunities for adjunct faculty and other types of staff arrangements or affiliations.”

The City and the LDFA have conducted activities allowing for commencement of operations of the business incubator within the Certified Technology Park, and an Affiliated Partner Agreement (APA) shall be executed and filed with the Michigan Economic Development Corporation and Sterling Heights City Council according PA 281 as amended. An APA was approved by the Local Development Finance Authority and adopted by the City of Sterling Heights City Council on June 2, 2009. The APA is attached as exhibit The City of Sterling Heights and the Local Development Finance Authority hold the right at its discretion to exercise multiple APA’s.

An APA outlines the financial obligation of the Sterling Heights LDFA and the performance metrics of the affiliated party.

The term of an APA is negotiated by the LDFA and the affiliated party.

The proposed Incubator and related SmartZone administration, marketing, management and personnel items that will be funded based on a total TIF Capture not to exceed \$500,000 are below:

**Chart 5 - TIF Expenditure Project 2: SmartZone Activities**

|               |                    | PROJECT 2: SmartZone Activities |                                    |                         | TOTAL              |
|---------------|--------------------|---------------------------------|------------------------------------|-------------------------|--------------------|
| Tax Year      | Fiscal Year Ending | Incubator Support*              | Personnel Cost 33% Reimbursement** | SmartZone Activities*** |                    |
| 2011          | 2012               | 22,689                          |                                    |                         | 22,689             |
| 2012          | 2013               | 80,491                          |                                    |                         | 80,491             |
| 2013          | 2014               | 285,000                         | \$122,400                          | \$92,600                | 500,000            |
| 2014          | 2015               | 285,000                         | \$124,848                          | \$90,152                | 500,000            |
| 2015          | 2016               | 285,000                         | \$127,345                          | \$87,655                | 500,000            |
| 2016          | 2017               | 285,000                         | \$129,892                          | \$85,108                | 500,000            |
| 2017          | 2018               | 285,000                         | \$132,490                          | \$82,510                | 500,000            |
| 2018          | 2019               | 285,000                         | \$135,139                          | \$79,861                | 500,000            |
| 2019          | 2020               | 285,000                         | \$137,842                          | \$77,158                | 500,000            |
| 2020          | 2021               | 285,000                         | \$140,599                          | \$74,401                | 500,000            |
| 2021          | 2022               | 285,000                         | \$143,411                          | \$71,589                | 500,000            |
| 2022          | 2023               | 285,000                         | \$146,279                          | \$68,721                | 500,000            |
| 2023          | 2024               | 285,000                         | \$149,205                          | \$65,795                | 500,000            |
| 2024          | 2025               | 285,000                         | \$152,189                          | \$62,811                | 500,000            |
| 2025          | 2026               | 285,000                         | \$155,233                          | \$59,767                | 500,000            |
| <b>TOTALS</b> |                    | <b>\$3,808,180</b>              | <b>\$1,796,873</b>                 | <b>\$998,127</b>        | <b>\$6,603,180</b> |

\* It is anticipated the Incubator program will continually be supplemented by securing grant funds from a variety of organizations. The categories listed above are described in Public Act 281 of 1986 as costs eligible for business incubators.

\*\*Sterling Heights Economic Development Department Personnel Costs are projected to be approximately \$408,000 in FY ending 2014 and an annual increase of 2% was used to project increases in total personnel costs.

\*\*\*SmartZone Activities include costs associated with marketing, administration, and services that may occur. Periodic reporting on the use of funds will demonstrate actual uses that may arise.

***Third Plan - There will no longer be a cap on tax capture as approved in the Second Plan. LDFA capture will be used on infrastructure improvements. Additional tax capture will assist in moving the improvements ahead more quickly. Any un-used funds in a given year will be held in the LDFA account until they are used for eligible activities. Please refer to Chart 6 and 7 for SmartZone TIF Expenditures and LDFA District Wide Expenditures.***

**Chart 6 – Revised Project 2 – SmartZone Activities**

| <b>SmartZone Expenditures</b>                                  | <b>Projected Costs</b> |
|--|------------------------|
| <b>Administration and Operations</b>                           | \$3 million            |
| <b>Road Improvements</b>                                       | \$5 Million            |
| <b>Marketing and Promotion</b>                                 | \$500,000              |
| <b>Technology Acceleration programs</b>                        | \$3 million            |
| <b>Equipment for technology acceleration</b>                   | \$1 million            |
| <b>Grants and Loans to accelerate company growth</b>           | \$1 million            |
| <b>Facility Improvements (owned or leased)</b>                 | \$2 million            |
| <b>High Gigabyte Fiber Improvements</b>                        | \$5 million            |
| <b>Entrepreneurial Training and Education</b>                  | \$3 million            |
| <b>Property Acquisition</b>                                    | \$2 million            |
| <b>Technical Consultants</b>                                   | \$3 million            |
| <b>Planning, Engineering, Environmental, or Market Studies</b> | \$500,000              |

\$29,500,000

**Chart 7 – Project 3 – LDFA District Improvements**

| <b>LDFA District Infrastructure Improvements</b>        | <b>Projected Timeline</b> |
|---|---------------------------|
| <b>Signage and Landscape Improvements</b>               | \$5 million               |
| <b>Street Lighting and Signalization Improvements</b>   | \$2 million               |
| <b>Road and Rail Improvements</b>                       | \$12 million              |
| <b>High Giga Byte Fiber</b>                             | \$5 million               |
| <b>Property Acquisition</b>                             | \$10 million              |
| <b>Stormwater, Sanitary, Sewer Management Systems</b>   | \$3,000,000               |
| <b>Environmental and Engineering and other Planning</b> | \$500,000                 |
| <b>Marketing and Promotion</b>                          | \$500,000                 |

\$38,500,000

*\*As funds become available the LDFA, the board will prioritize the development projects against the available funds. Each year, the City Administration will present a budget and projects the budget will support for ultimate approval and recommendation to the City of Sterling Heights City Council.*

**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)).**

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**BAE Systems Land and Armaments L.P.**

Staged construction commenced in 2009 with demolition and removal of the obsolete TRW manufacturing and office space. BAE Systems is constructing its new technology center with an estimated occupancy date of Spring 2012.

*\*The project is now complete, however, it is anticipated that the BAE Systems Tactical Wheeled Center of Excellence may expand in the future.*

**Velocity Improvements**

Required alterations to the facility at 6633 18 Mile Road, as permitted in Public Act 281 of 1986 were conducted in 2011, including build out of tenant client company space, leasehold improvements for the Velocity to accommodate an increase in staff, and required improvements to site facilities and infrastructure to make ready for business occupancy. In 2015, parking lot improvements were made to remedy decaying asphalt conditions. It is anticipated that roof improvements will begin in 2016 to 2017 City fiscal years.

**Fiat Chrysler Assembly Plant Body Shop and Paint Shop**

FCA started construction on the Assembly plant expansion in 2011. The expansion added an additional 1.5 million square feet of industrial, automotive space. The body shop and paint shop are considered state-of-the-art. The construction on this project was completed in 2014.

**Sterling Enterprise Park**

Sterling Enterprise Park will begin construction in 2016. First tenants will likely move in the Fall of 2016. The vertical construction of new tenant buildings is expected to continue from 2016 to 2021-2023.

**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)).**

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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)).**

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The City exercises zoning authority pursuant to Michigan Zoning Enabling Act, Public Act 110 of 2006, and the City's Zoning Ordinance and Map establish and define those zoning districts where specified uses may occur.

Zoning consists of dividing the community into districts or zones and regulating within such districts land use, and heights and area of buildings for the purpose of conserving and promoting the health, safety, and general welfare of the people of the community. Zoning also controls numerous aspects of development within each district, such as intensity and bulk of development, and requirements for parking, landscaping and signage. The zoning ordinance and its administration are the legislative and administrative acts or processes for carrying out the goals and objectives of the Master Land Use Plan. A major component of the City's recent update of the Master Land Use Plan was redevelopment. In order to promote continued development and redevelopment of properties for mixed uses (residential, office, and commercial), City Council adopted a Planned Unit Development (PUD) option to the Zoning Ordinance.

The zoning for the Local Development Finance Authority/Certified Technology Park is a combination of M-2 Zoning, Heavy Industrial, M-1 Zoning, Light Industrial, PCD-Planned Center District, and C-3 General Business. The zoning for the BAE Systems eligible property is M-1, Light Industrial. The proposed project is allowable under the current zoning. The zoning for the Business Incubator is Planned Commercial District, the project is allowable under the current zoning.

The M-1 Light Industrial District is intended to accommodate industrial activities whose external effects are minimal and in no way detrimental to surrounding districts, plus wholesale, warehousing and intensive service activities of a nature such as not to justify their inclusion in the commercial use district, but whose external effects also are non-detrimental. All uses in the district are intended to be compatible with one another. It is further the intent to carefully conserve land in the M-1 Zone for manufacturing and related uses, only in special circumstances will certain convenience services needed to serve the basic light industrial and related uses be permitted. All uses located within this district shall be so designed and operated as to observe the performance standards and regulations of use contained herein. The processing of raw material for shipment in bulk form for use in an industrial operation at another location shall not be permitted.

The M-2 Heavy Industrial District is intended to provide land for the more large-scale and intense manufacturing, fabricating and assembling uses. While such uses may occasionally produce external physical effects noticeable to a limited degree beyond the boundaries of the site, nevertheless, every possible effort shall be made to minimize such effects. All uses located within this district shall be so designed and operated as to observe the performance standards and regulations of use contained in the zoning ordinance.

The Planned Center District is intended to provide, through comprehensive planning, zoning and project review for the development of high intensity, multipurpose centers in planned locations which will serve as focal points within the total urban design of the city, while providing stability and longevity for the economic development of the City of Sterling Heights. The C-3 General Business District is designed to provide for a wide diversity of business activities, which are predominantly but not necessarily totally retail in character. In addition to retail uses, a number of other activities, usually requiring considerable land area and access to major thoroughfares, are permitted. Uses in this district normally must have good automobile accessibility, but should not cause congestion on adjacent thoroughfares

The proposed changes in streets, street levels, intersections, traffic flow modifications, or 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)).**

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**Project 1: \*BAE Systems Land and Armaments L.P.**

The original projected total cost for the implementation of the project as outlined in Chart 4 above is approximately \$2,812,606. This amount is based on figures provided by BAE Systems during planning and actual amounts may differ. Actual reimbursement is limited to the actual TIF Revenue from the project and cost of eligible expenses. Given the credit of the City the Authority is confident that financing could be arranged on terms favorable to the LDFA should the project require a bond issue. The total real property tax value of the site upon completion is estimated at \$16 million.

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

- Tax Incremental Financing (TIF)
- Private cooperation in the District.
- Funding received through grant programs.
- Municipal participation (Staff and Administrative Support/Start Up Costs)
- Bonding for improvements

Tax Increment Financing will be the primary source of funding for the project. The LDFA may issue bonds to generate capital for improvements or it may elect to pay for the improvements on a “pay-as-you-go” basis.

*\* The LDFA has no further obligation to pay costs relating to the BAE Land and Armaments L.P. and the TIF Revenue generated from the BAE Land and Armaments L.P. will be used to pay for eligible activities in other areas of the LDFA district to be better described in Chart 2 and Chart 3.*

**Project 2: SmartZone Activities**

The estimated total cost for the implementation of Project 2 is approximately \$29,500,000 as outlined in Chart 6 for Incubator Operations and Administration, facility improvements, infrastructure improvements, marketing, and programs dedicated to entrepreneurs. As new projects occur within the certified technology park that require local redevelopment incentives, it has been the goal of the Sterling Heights LDFA to amend this plan to add school tax capture from these new projects. Revenue generated from the BAE Systems Project, The Chrysler Assembly Paint and Body Shop, and Sterling Enterprise Park fund SmartZone Related Activities.

The activities of the authority as it pertains to SmartZone activities are funded in the following ways:

- Tax Incremental Financing (TIF)
- Private donations from the corporate partner program.
- Funding received through grant programs.
- Municipal participation (Staff and Administrative Support/Start Up Costs)
- Bonding for improvements

Tax Increment Financing will be the primary source of funding for the project. The LDFA may issue bonds to pay for capital improvements for the Incubator or it may elect to pay for the improvements on a “pay-as-you-go” basis. Operational expenses will be funded on a “pay-as-you-go” basis. Appropriate grant opportunities will also be pursued as they arise.

### **Project 3: LDFA District Improvements**

The original projected total cost for the implementation of the project as outlined above is approximately \$33,500,000 as outlined in Chart 7. This amount represents broad category estimates for infrastructure improvements throughout the LDFA district, not just one singular parcel. Establishing a large estimate gives the LDFA ultimate flexibility to spend within the categories up to the amount based on available revenues or potential bonding. Given the credit of the City, the Authority is confident that financing could be arranged on terms favorable to the LDFA should the project require a bond issue. Revenue generated from the BAE Systems Project, The Chrysler Assembly Paint and Body Shop, and Sterling Enterprise Park fund LDFA District Improvements.

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

- Tax Incremental Financing (TIF)
- Private cooperation in the District.
- Funding received through grant programs.
- Municipal participation (Staff and Administrative Support/Start Up Costs)
- Bonding for improvements

Tax Increment Financing will be the primary source of funding for the project. The LDFA may issue bonds to generate capital for improvements or it may elect to pay for the improvements on a “pay-as-you-go” basis.

**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)).**

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**Project 1: \*BAE Land and Armaments L.P.**

The project was undertaken for the benefit of BAE Systems Land and Armaments L.P.

*\* The LDFA has no further obligation to pay costs relating to the BAE Land and Armaments L.P. and the TIF Revenue generated from the BAE Land and Armaments L.P. will be used to pay for eligible activities in other areas of the LDFA district to be better described in Chart 2 and Chart 3.*

**Project 2: SmartZone Activities**

The project is being undertaken for the benefit of the Sterling Heights and Macomb County community as a whole to create jobs and employment opportunities. The activities in the SmartZone will be a source of services to companies developing technologies in the areas of Defense, Aerospace, Advanced Manufacturing, Medical Devices, and other high technology industries. The LDFA will be the recipient of tax increment revenues, which it will in turn use to fund SmartZone activities that foster the goal of creating companies and jobs. Tenant client companies physically located at Velocity may also benefit from tax increment revenues that support training and education, grants or loans, equipment, technical consultants, fiber, marketing programs and the like as eligible under Public Act 281 as amended.

**Project 3: Sterling Enterprise Park – LDFA District Wide Improvements**

Sterling Development Group LLC, is developing Sterling Enterprise Park a new 144-acre industrial development. In 2015, the vacancy rate for industrial real estate for lease was approximately 2.7%. With increased production in the automotive industry and a tremendous rebound in the North American manufacturing sector, industrial space in Sterling Heights is at a premium. The new park will cater to industrial uses as large as 500,000 square feet or as small as 60,000 square feet. It is anticipated this development will ultimately provide anywhere between 1.3 million to 1.8 million square feet of industrial space.

The district developed over the last fifty to sixty years, and much of the infrastructure requires upgrades and additions. Throughout the LDFA district, obsolete and blighted properties also exist. These properties impede development and at times contribute to a negative perception of the area. An amended LDFA Plan will address infrastructure upgrades, property acquisition, and promotion and marketing opportunities. Infrastructure upgrades include, but are not limited to, road construction, completing streets, improving traffic flow, high gigabyte fiber connectivity, and traffic and engineering studies. Property acquisitions may include but are not limited to acquiring and removing blight, acquiring property to improve road connectivity and traffic flow, and acquiring and leasing facilities to qualified companies. Marketing and promotional improvements include but are not limited to streetscape enhancements, LDFA district branding studies, directional and place making signage, social media and website marketing.

Companies located in the industrial district will benefit from these improvements.

**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)).**

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The Sterling Heights Local Development Finance Authority reviews leases presented to them by the City of Sterling Heights administration as it pertains to client companies leasing space at Velocity. This practice will continue. However, the LDFA may adopt guidelines by resolution that allows the administration to manage leases within certain parameters, and therefore do not require consistent LDFA approval.

The LDFA may also adopt guidelines providing the administration the flexibility to conduct business prescribed by the City of Sterling Heights City Council.

**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)).**

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The LDFa has powers prescribed by the Act to acquire property including residential, commercial, and industrial. 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.

**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)).**

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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)).**

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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)).**

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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 been approved by the board and the governing body pursuant to sections 16 and 17. (MCL 125.2165(2)(p)).**

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As required, the LDFA shall submit amendments to the Development Plan or Tax Increment Plan to the governing body (City Council) for review and approval. Sterling Heights Economic Development will monitor and periodically report on the use of TIF funds to ensure the programs developed and offered in the SmartZone are fulfilling the goals of creating companies and jobs for the community and promoting economic development. The amount of budgeted items must fall within the not to exceed limitation of \$500,000 for TIF Expenditure Project 2: SmartZone Activities, and may be less.

***Third Amended and Restated Development Plan and TF Plan - There will no longer be a “not to exceed” on TIF capture for the LDFA and SmartZone.***

## 4.0 Tax Increment Finance Plan

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The projects detailed within the Development Plan are designed to stimulate private sector investment within the District and conduct eligible SmartZone activities to achieve a true economic growth and opportunity for new employment. Proposed project expenditures are intended to directly reimburse private entities redevelopment construction costs, conduct activities on behalf of the authority, and provide for SmartZone activities that are eligible under the Act. 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 P A 281 (MCL 125.2160).

The presentation of the Tax Increment Finance Plan follows the statutory requirements of PA 281, 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.
- (l) 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.

**Section 12(a) A statement of the reasons that the plan will result in the development of captured assessed value that could not 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)).**

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BAE Systems will expand its engineering and technology center for the Land and Armaments division on the eligible property. As a condition of the expansion the City of Sterling Heights has created an LDFA and intends on reimbursing BAE Systems for certain eligible activities according to Public Act 281 of 1986. It is anticipated that the taxable value of the property will increase from \$3,921,700 to \$16,695,950, resulting in incremental value eligible to be captured of \$12,097,250 (Project 1)

Chrysler Sterling Heights Assembly Plant will be making significant investment in the plant located on Van Dyke between 16 Mile and 17 Mile, which will make the site a highly advanced and modern automotive assembly facility that will play an integral role in the success of the company by building the next generation of all-new vehicles. This will include a new Paint Shop and Body Shop on the site. It is anticipated that the taxable value of the property will increase from \$19,827,400 to \$52,800,000, resulting in incremental value eligible to be captured of \$32,972,600 from the Paint Shop Investment (TIF Revenue Project 2). It is anticipated that the taxable value of the property will increase from \$19,827,400 to \$50,300,000, resulting in incremental value eligible to be captured of \$30,472,600 resulting from the Body Shop Investment. There is a tax abatement in place to support the Paint Shop project.

The BAE project will generate increased tax increment revenues from the available school millages (Macomb ISD millage, Stated Education millage, and Local schools millage). The Chrysler projects will also generate tax increment revenues from all both local and school millages. These revenue sources will be made available to the LDFA to fund the Macomb OU-INCubator and SmartZone activities under Public act 281 of 1986. Without the support of the tax increment funds, it would not be possible to support the Incubator and achieve the goals of creating jobs and companies that are critical to economic development goals without the plan.

**Third Plan** - Sterling Development Group LLC, is developing Sterling Enterprise Park a new 144-acre industrial development. In 2015, the vacancy rate for industrial real estate for lease was approximately 2.7%. With increased production in the automotive industry and a tremendous rebound in the North American manufacturing sector, industrial space in Sterling Heights is at a premium. The new park will cater to industrial uses as large as 500,000 square feet or as small as 60,000 square feet. It is anticipated this development will ultimately provide anywhere between 1.3 million to 1.8 million square feet of industrial space.

The December 31<sup>st</sup> 2014 assessment is the base year, and fiscal year 2015/2016 taxable value for the Sterling Enterprise Park property is \$2,818,200. The capital investment in real property is conservatively projected to be \$100,000,000 with an inflationary growth rate of 1.5%. The Projected Local TIF Capture over 20 years is \$12,370,619. The City of Sterling Heights Administration has proposed capturing 50% of the available TIF revenue, and returning the remaining 50% to the taxing jurisdictions. Therefore, the total project TIF capture at 50% is \$6,185,310. The Projected Local School Capture over 10 years, fiscal year ending 2025/2026 (consistent with the 15 year capture period under the SmartZone program) to be \$3,057,054.

**Section 12(b) An estimate of the captured assessed value for each year of the plan. (MCL 125.2162)(1)(b)).**

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See the following tables for estimated capture of value:

|  |    |
|--|----|
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*Note that the Chrysler Sterling Heights Assembly Plant Body Shop project is included in the plan, but should TIF revenues from the previously listed projects achieve a not to exceed amount of \$500,000, no capture will be taken from the Body Shop project.*

**The Third Plan - The LDFA will no longer be subject to a not to exceed amount for TIF capture.**

**Section 12(c) The estimated tax increment revenues for each year of the plan. (MCL 125.2162)(1)(c)).**

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See the following tables for estimated tax increment revenues and updated revenues for each year of the plan.

|  |    |
|--|----|
| Table 5a-Estimated Local TIF Revenue: BAE Systems .....              | 59 |
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**The Third Plan - The LDFA will no longer be subject to a not to exceed amount for TIF capture.**

**Section 12(d) Detailed explanation of the tax increment procedure. (MCL 125.2162)(1)(d)).**

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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 that 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.

PA 281 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 city, county, community college, SMART, HCMA, Zoo, Macomb Veterans, or any other millages that may apply in the future\*. In regard to the Certified Technology Park, these include the Macomb Intermediate School District, Local Schools, and State Education tax. 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.

**\*Zoo and Detroit Institute of Arts (DIA) Millages are not eligible for tax capture under State Law....The City chooses to reimburse the Veterans millage.**

"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.

*Total Potential Revenue*

The total potential TIF revenue from school taxing units available to the LDFA from captured taxable value from TIF Revenue Project 1: BAE Systems was originally anticipated to total \$3,350,470 per The Original Plan. The updated and revised figures provided in Table 5 of this plan provide a more accurate projection of incremental

value and associated TIF revenue, which is reduced to approximately \$1.5 million now that the project is nearing completion. The proposed Second Amended and Restated Development and Tax Increment Finance Plan will account for the reduction in projected TIF revenue from BAE, which represents a key source of funding for the incubator. Additional revenue will be captured from Chrysler's combined projects as needed to capture TIF revenues not to exceed \$500,000 per year to fund the Incubator and SmartZone activities. Note that local millage revenue from TIF Revenue Project 1: BAE Systems that is dedicated to provide for reimbursement of eligible costs associated with the redevelopment of the site at 34201 Van Dyke pursuant to the Original Development Plan and Tax Increment Plan (TIF Expenditure Project 1: BAE Systems) is not a part of the not to exceed amount and reimbursement of expenses will be limited to actual TIF Capture from local millages. **This plan is no longer subjected to the \$500,000 not to exceed amount for tax capture.**

To total potential TIF revenue from TIF Revenue Projects 1-3 (excluding local millages from BAE Systems) to fund TIF Expenditures for Projects 2 & 3 is \$16 million and is detailed in Table 5-7. This is based on a 0% projected inflationary growth and an incremental value increase totaling over \$79 million upon the completion of all projects. An annual not to exceed amount of \$500,000 represents the maximum combined total from the both the newly identified projects at Chrysler Sterling Heights Assembly Plant and the previously identified project at BAE Systems (school capture only) to fund TIF Expenditure Projects 2 & 3, resulting in a total actual TIF Revenue Capture of approximately \$6.6 million. **This plan is no longer subjected to the \$500,000 not to exceed amount for tax capture.**

- **TIF Revenue Project 1: BAE Systems**

Data presented in the attached Table 1 represents the anticipated capture on the taxable value for the District through the year 2025 from TIF Revenue Project 1: BAE Systems. The base year, assessment year December 31, 2008 (Fiscal Year 2009/2010), Taxable Value for the District is \$3,921,700. The basic assumptions in this table are a 0% annual inflationary growth, and increment value ramping up to \$12.1 million by tax year 2013. Tax increment from this project is projected to be approximately \$100,000 from *school* millages to be applied to TIF Expenditure Projects 2 & 3, and \$59,000 in *local* millages to be applied to TIF Expenditure Project 1: BAE Systems (see Tables 5-6). Potential revenue will increase upon expiration of PA 198 Tax Abatements on the project.

- **TIF Revenue Project 2: Chrysler Sterling Heights Assembly Paint Shop (Funds Project 2 SmartZone Activities and Project 3 LDFEA Districtwide Improvements)**

Data presented in the attached Table 2 represents the anticipated capture on the taxable value for the District through the year 2025 from the TIF Revenue Project 2: Chrysler Sterling Heights Assembly Paint Shop. The base year, assessment year December 31, 2008 (Fiscal Year 2009/2010), Taxable Value for the District is \$19,872,400. The basic assumptions in this table are a 0% annual inflationary growth, and increment value of \$33 million by tax year 2013. Tax increment from this project is projected to be approximately \$433,000 to be applied to TIF Expenditure Projects 2 & 3. Potential revenue will increase upon expiration of PA 198 Tax Abatements on the project. Current projections indicate that less than 100% of the potential TIF revenue from this project will be required to reach a not to exceed amount of \$500,000 in total TIF revenue from TIF Revenue Projects 1 & 2 to fund TIF Expenditure Projects 2 & 3.

### **The Third Plan**

- **TIF Revenue Project 3: Chrysler Sterling Heights Assembly Body Shop (Funds Project 2 SmartZone Activities and Project 3 LDFEA Districtwide Improvements)**

Data presented in the attached Table 3 represents the anticipated capture on the taxable value for the District through the year 2025 from the TIF Revenue Project 3: Chrysler Sterling Heights Assembly Body Shop. The base year, assessment year December 31, 2011 (Fiscal Year 2009/2010), Taxable Value for the District is \$19,872,400. The basic assumptions in this table are a 0% annual inflationary growth, and increment value ramping up to \$30 million by tax year 2014. Tax increment from this project is projected to be approximately \$708,000. However, if the amount not to exceed \$500,000 needed to cover TIF Expenditure Project 2 SmartZone Activities is reached by the combined TIF from TIF Revenue Project 1: BAE Systems project and TIF Revenue Project 2: Chrysler Paint Shop project, no TIF revenue will be derived from the Body Shop investment.

**The Third Plan - The LDFA will no longer be subject to a not to exceed amount for TIF capture.**

- **TIF Revenue Project 4: Sterling Enterprise Park (Funds Project 2 SmartZone Activities and Project 3 LDFA Districtwide Improvements)**

The TIF Plan will result in a reallocation of tax revenues from the local taxing jurisdictions to the LDFA. The effect of this reallocation of revenue on all taxing bodies affected is detailed in Tables 10 and 11.

*Total Potential Expenditure*

**TIF Expenditure Project 1: BAE Systems**

Project 1 will be funded from local millage revenue from TIF Revenue Project 1: BAE Systems. Local millage revenue from this project is solely dedicated to provide for reimbursement of eligible costs associated with the redevelopment of the site at 34201 Van Dyke pursuant to the Original Development Plan and Tax Increment Plan. Local millage revenue dedicated to TIF Expenditure Project1 is not a part of the not to exceed amount of \$500,000 and reimbursement of expenses will be limited to actual TIF Capture from local millages. Projected amount of local millage revenue from TIF Revenue Project1: BAE Systems is reflected in Table 5 (Local Capture) and Table 6 (School Capture).

*\* The LDFA has no further obligation to pay costs relating to the BAE Land and Armaments L.P. and the TIF Revenue generated from the BAE Land and Armaments L.P. will be used to pay for eligible activities in other areas of the LDFA district to be better described in Chart 2 and Chart 3.*

**TIF Expenditure Project 2: SmartZone Activities**

Of the “not to exceed” amount of \$500,000, up to \$285,000 per year of the total will be provided for the SmartZone Activities. The amount of up to \$285,000 will include building related expenses and incubator administration at 6633 18 Mile Road. The balance, up to \$215,000, may be provided annually for SmartZone activities, including reimbursement of up to 33% of Sterling Heights Economic Development Department personnel costs associated with the administration and management of the SmartZone, and other administrative and marketing costs.

**The Third Plan - The LDFA will no longer be subject to a not to exceed amount for TIF capture.**

**Third Amended and Restated Plan** -The estimated total cost for the implementation of Project 2 is approximately \$29,500,000 as outlined in Chart 7 for Incubator Operations and Administration, facility improvements, infrastructure improvements, marketing, and programs dedicated to entrepreneurs. As new projects occur within the certified technology park that require local redevelopment incentives, it has been the goal of the Sterling Heights LDFA to amend this plan to add school tax capture from these new projects. Revenue generated from the BAE Systems Project, The Chrysler Assembly Paint and Body Shop, and Sterling Enterprise Park fund SmartZone Related Activities.

**Chart 6- TIF Capture Breakdown of Not To Exceed Amount (Per Third Plan – this is no longer applicable)**

| <b>Project</b>   | <b>Annual TIF Amount</b> |
|--|--------------------------|
| <b>Macomb-OU Incubator</b>   | <b>\$285,000</b>         |
| <b>SmartZone Administration, Management, and Marketing and Personnel Expense</b> | <b>\$215,000</b>         |
| <b>TOTAL NOT TO EXCEED AMOUNT</b>  | <b>\$500,000*</b>        |

**Chart 7 - Summary of TIF Revenue and TIF Expenditure (Per Third Plan – this is no longer applicable)**

| <b>TIF Revenue Project</b>  | <b>TIF Expenditure Project</b>                | <b>Amount</b>   |
|---|---|---|
| <b>Project 1: BAE Systems (local)</b> →   | <b>Project 1: BAE Systems</b>                 | <b>Limited to amount of local TIF</b>                     |
| <b>Project 1. BAE Systems (school)</b><br><b>Project 2: Chrysler SHAP Paint Shop</b><br><b>Project 3. Chrysler SHAP Body Shop</b> | } →<br><b>Project 2: SmartZone Activities</b> | <b>Limited to combined amount not to exceed \$500,000</b> |

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

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**TIF Expenditure Project 1: BAE Systems Land and Armaments L.P.**

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. A bond for this project is unlikely; however, if the scenario were to occur the city will incur not to exceed the amount of projected TIF Revenue at that time in bond indebtedness, subject to inflationary increases, to finance a portion of the projects, or improvements.

*\* The LDFA has no further obligation to pay costs relating to the BAE Land and Armaments L.P. and the TIF Revenue generated from the BAE Land and Armaments L.P. will be used to pay for eligible activities in other areas of the LDFA district to be better described in Chart 2 and Chart 3.*

**TIF Expenditure Project 2: SmartZone Activities**

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. Operations expenses such as personnel costs are not bond eligible expenses.

The estimated total cost for the implementation of Project 2 is approximately \$29,500,000 as outlined in Chart 6 for Incubator Operations and Administration, facility improvements, infrastructure improvements, marketing, and programs dedicated to entrepreneurs. As new projects occur within the certified technology park that require local redevelopment incentives, it has been the goal of the Sterling Heights LDFA to amend this plan to add school tax capture from these new projects. Revenue generated from the BAE Systems Project, The Chrysler Assembly Paint and Body Shop, and Sterling Enterprise Park fund SmartZone Related Activities.

**TIF Expenditure Project 4: Sterling Enterprise Park**

The original projected total cost for the implementation of the project as outlined in Chart 7 above is approximately \$38,500,000 as outlined in Chart 8. This amount represents broad category estimates for infrastructure improvements throughout the LDFA district, not just one singular parcel. Establishing a large estimate gives the LDFA ultimate flexibility to spend within the categories up to the amount based on available revenues or potential bonding. Given the credit of the City, the Authority is confident that financing could be arranged on terms favorable to the LDFA should the project require a bond issue. Revenue generated from the BAE Systems Project, The Chrysler Assembly Paint and Body Shop, and Sterling Enterprise Park fund LDFA District Improvements.

**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)).**

---

**Plan for TIF Expenditure Project 1: BAE Systems Land and Armaments L.P**

The city will use tax increment funds to pay or reimburse the city for operating and planning expenditures related to the creation of the Local Development Finance Authority and the tax increment finance and development plans. The estimated cost of the expenditures is \$30,000.

**Plan for TIF Expenditure Project 2: SmartZone Activities**

The City will be reimbursed for tax increment funds for reasonable costs for personnel time necessary to support the SmartZone activities, up to 33%, and related SmartZone administration, management, etc. Chart 4 details projected expenditures of the TIF funds including allocations for City cost reimbursement.

*Per the Third Plan \$3.5 million is dedicated to administrative, operations, and planning.*

**Plan for TIF Expenditure Project 3: LDFA District Wide Improvements**

The budgeted amount for planning is \$500,000.

**Section 12(g) The costs of the plan anticipated to be paid from tax increment revenues as received. (MCL 125.2162)(g).**

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All of the costs of the public facilities identified in the development plan for TIF Expenditure Projects 1-4 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)).**

---

**Project 1: BAE Systems Land and Armaments L. P.**

The duration of the Original Plan is 13 years or until the anticipated costs of the plan has been reimbursed to the eligible entity, pursuant to the Original Development Plan and Tax Increment Finance Plan. Additionally, all bond indebtedness issued to fund LDFA projects and paid directly or indirectly from captured tax increment revenues will be retired commencing on its adoption by the City Council in February 2008 and terminating at the end of the LDFA's fiscal year on June 30, 2022 unless the Development Plan and TIF Plan are amended to extend or shorten its duration.

**Project 2: SmartZone Activities**

The duration of this Development Plan and Tax Increment Finance Plan is 15 years as permitted by Public Act 281 of 1986. Local and State school millage capture for Certified Technology Parks cannot extend beyond this time period. The end date for the Tax Increment Finance Plan for the Certified Technology Park is anticipated to be 2025 based on the ratified agreement with the State (Appendix p 60-61)

**Project 3: LDFA Districtwide Improvements (Sterling Enterprise Park)**

The duration of the Third Plan is 20 years starting in 2016 and ending in 2036.

**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)).**

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**TIF Expenditure Project 1: BAE Systems Land and Armaments L.P.**

The impact on local tax millages resulting from TIF Revenue Project 1: BAE Systems to fund TIF Expenditure Project 1: BAE Systems (in order to reimburse for eligible expenses needed to redevelop the property) is unchanged by The Second Plan

**TIF Expenditure Project 2: SmartZone Activities**

See Attached Revised Table 8 for Combined Tax Increment Revenue captured from all taxing jurisdictions. This table is based on an assumption that the actual TIF capture will not exceed \$500,000 to fund TIF Expenditure Projects 2 and that achieving this capture will not require capture of TIF resulting from the Chrysler Sterling Heights Assembly Body Shop (TIF Revenue Project 3), and will require less than 100% of the TIF Capture from the Sterling Heights Assembly Paint Shop (TIF Revenue Project 2)

*Per The Third Amended and Restated Plan there is no longer a “not to exceed” limitation on TIF capture. Please see Table 11 for the impact on school capture as it relates to Project 4 – Sterling Enterprise Park.*

**TIF Expenditure Project 3: LDFA Districtwide Improvements**

See attached Table 10 for the impact of local millages resulting in new tax capture. See attached Table 11 for the impact of school millages resulting in new tax capture.

**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)).**

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**TIF Revenue Project 1: BAE Systems Land and Armaments L. P.**

This site is located within the LDFA District generally West of Van Dyke Avenue, North of 14 Mile and South of 15 Mile.

Parcel ID Number:

10-33-276-004

Parcel Address:

34201 Van Dyke

Parcel Description:

THAT PART OF LAND IN THE NORTHEAST 1/4 OF SECTION 33, TOWN 2 NORTH, RANGE 12 EAST, CITY OF STERLING HEIGHTS, MACOMB COUNTY, MICHIGAN  
T2N, R12E, SEC 33; S 60.0 ACRES OF E 1/2 OF NE 1/4; EXC THAT PART LYING N OF LINE DESC AS FOLL; COMM AT NE COR SEC 33; TH S01\*40'23"E 891.36 FT ALG E SEC LINE TO POB; TH S88\*10'34"W 1340.39 FT TO POE, EXC THAT PART FOR VAN DYKE; ALSO BEG AT SW COR OF E 1/2 OF NE 1/4 SEC 33; TH N88\*44'40"W 1004.32 FT; TH N02\*21'40"W 1313.12 FT; TH S89\*13'20"E 997.94 FT; TH S02\*04"W 1321.34 FT TO POB. 81.60 A. SPLIT FROM 1033276002 FOR 1988

**TIF Revenue Projects 2 & 3: Chrysler Sterling Heights Assembly Plant**

This site is located within the LDFA district at 38111 Van Dyke generally located west of Van Dyke Avenue, north of Metro Parkway, and south of 17 Mile Road.

Parcel ID Number:

10-21-400-012

Parcel Address:

38111 Van Dyke

Zip Code: 48312

Parcel Description:

T2N, R12E, SEC 21 E 1/2 OF SEC 21, EXC M.C.R.R. R/W; ALSO EXC BEG AT SE COR SEC 21; TH N0\*10"W 330.0 FT; TH S89\*17'00"W 665.20 FT; TH S00\*06'00"W 330.0 FT; TH N89\*17'00"E 666.0 FT TO POB; ALSO EXC M-53 R/W DESC AS BEG AT NE COR SEC 21; TH S01\*28'59"E 2688.46 FT; TH S02\*00'29"E 2288.07 FT; TH S87\*16'37"W 77.0 FT; TH N02\*00'29"W 2288.07 FT; TH N88\*07'16"E 478.41 FT TO POB; ALSO EXC COM AT SE COR SEC 21; TH W 660.0 FT TO POB; TH N00\*06'00"E 60.01 FT; TH S89\*20'50"W 1951.12 FT; TH S00\*09'20"W 60.01 FT; TH N89\*20'50"E 1951.18 FT TO POB; ALSO EXC COMM AT INTERSECTION OF S SEC LINE & E R/W LINE OF M.C.R.R.; TH N00\*09'20"E 60.01 FT TO POB; TH N00\*09'20"E 600.0 FT; TH N89\*20'50"E 490.0 FT; TH S00\*09'20"W 600.0 FT; TH S89\*20'50"W 490.0 FT TO POB. ALSO EXC: T2N, R12E SEC 21 COMM AT NE 1/4 COR SEC 21; TH S01\*29'12"E 60.0 FT; TH S88\*07'16"W 110.0 FT TO POB; TH S01\*29'12"E 391.45 FT; TH S88\*31'01"W 143.14 FT; TH N01\*28'59"W 110.0 FT; TH N46\*40'52"W 141.58 FT; TH S88\*07'16"W 195.0 FT; TH N01\*52'44"W 180.0 FT; TH N88\*07'16"E 439.82 FT TO POB. SPLIT FROM -008 FOR 2002

## **Project 4: Sterling Enterprise Park 7191 Seventeen Mile Road**

The site is located along Seventeen Mile Road, which acts as the southern boundry. Adjacent and contiguous to the east, by a small amount of frontage, is Van Dyke. Ford Axel Facility is immediately adjacent to the west, which is bounded by the Conrail service line.

### **Parcel ID Number:**

10-16-401-005-000

### **Parcel Description**

T2N, R12E SEC 16 COMM AT SE COR SEC 16; TH N89\*23'00"W 1325.88 FT TO POB; TH N89\*23'00"W 1309.05 FT; TH N00\*06'37"E 2598.68 FT; TH N00\*00'57"E 1317.08 FT; TH S89\*36'02"E 1329.40 FT; TH S00\*29'29"W 1314.36 FT; TH S00\*21'08"W 33.63 FT; TH S89\*24'55"E 241.86 FT; TH S38\*57'44"E 168.59 FT; TH N89\*24'55"W 348.67 FT; TH S00\*21'08"W 660.99 FT; TH S89\*28'16"E 596.50 FT; TH S00\*10'24"W 99.30 FT; TH S89\*11'13"E 411.84 FT; TH S00\*10'00"W 65.0 FT; TH S89\*30'28"E 222.86 FT; TH S00\*40'23"W 327.65 FT; TH N88\*52'45"W 554.92 FT; TH S00\*41'01"W 905.65 FT; TH N89\*23'00"W 167.27 FT; TH N00\*33'33"E 260.00 FT; TH S89\*23'00"W 335.17 FT; TH N00\*21'24"E 42.98 FT; TH S59\*19'00"W 195.74 FT; TH S00\*14'00" W 590.24 FT TO POB. 142.36 AC. 02-21-05: Split/Comb 10-16-476-008 & 10-16-401-004 into 10-16-476-029 & 10-16-401-005

### **Parcel ID**

10-16-426-021-000

### **Parcel Description**

T2N, R12E, SEC 16: COMM AT E 1/4 COR SEC 16; TH S 925.0 FT ALG E SEC LINE; TH S89\*53'56"W 355.0 FT TO POB; TH CONT S89\*53'56"W 385.16 FT; TH N00\*24'42"W 100.0 FT; TH S89\*53'56"W 598.62 FT; TH N00\*10'25"W 495.0 FT; TH N89\*53'56"E 986.0 FT; TH S 595.0 FT TO POB. 12.08 AC SPLIT & COMB FROM -006, -015, -017 & -019 FOR 1997

**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)).**

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**TIF Expenditure Project 1: BAE Systems Land and Armaments L.P.**

BAE Systems announced that 600 high tech jobs would be created at the site after completion with an average annual wage of \$82,000.

**TIF Expenditure Project 2: SmartZone Activities**

It is projected that by 2016 the Macomb OU-INCubator (now referred to as SmartZone activities under the Third Amended and Restated Plan) will serve 45 companies creating up to 609 direct jobs and an additional 305 indirect jobs for a total impact of 914 jobs for the local community. Various SmartZone activities will compliment and support Macomb-OU Incubator in achieving this goal.

**TIF Expenditure Project 3: LDFA Districtwide Improvements (Sterling Enterprise Park)**

It is anticipated that 1,500 jobs will be created at Sterling Enterprise Park upon completion. It is also anticipated that after undertaken improvements throughout the LDFA district that another 1,000 jobs will be created over 20 years.

**Section 12(l) 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)(l)).**

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The legal description of the Certified Technology Park is described below and attached as Map 1:

Section 4:

The East half of the West half of Section 4, Also Parcel Numbers 10-04-251-004, 10-04-401-001, 10-04-451-002, 10-04-451-003, 10-04-451-005, 10-04-451-006

Section 8:

Parcel Numbers 10-08-426-009, 10-08-426-014, 10-08-426-016, 10-08-476-010, 10-08-476-004, 10-08-476-013, 10-08-476-012, 10-08-476-011

Section 9:

All of Section 9 *Excluding* the following Parcel Numbers 10-09-226-011, 10-09-200-040, 10-09-200-045, 10-09-200-046, 10-09-200-011, 10-09-200-031, 10-09-200-044, 10-09-200-043, 10-09-200-016, 10-09-200-010, 10-09-277-007, 10-09-276-016, 10-09-200-028

All of Section 16

Section 17:

All of the platted subdivision named Parkridge Industrial Sub. No. 1, Parkridge Industrial Sub. No. 2, Parkridge Industrial Sub. No. 3, and Parkridge Industrial Sub. No. 4

Also Parcel Numbers 10-17-200-007, 10-17-226-032, 10-17-226-004, 10-17-226-045, 10-17-226-046, 10-17-226-047, 10-17-226-048, 10-17-226-049, 10-17-276-006, 10-17-276-006, 10-17-200-006, 10-17-276-008

All of Section 21

All of Section 28

All of Section 33

The property to which the tax increment finance plan applies for purpose of determining tax increment revenues is the real property for TIF Revenue Project 1:BAE Systems, TIF Revenue Project 2: Chrysler Sterling Heights Assembly Paint Shop, and TIF Revenue Project 3: Chrysler Sterling Heights Assembly Body Shop described in section 12(j). Within the Certified Technology Park boundaries other tax increment finance plans will likely be approved on a project-by-project basis. Personal property is exempt from capture from the tax increment finance plan.

## 5.0 Appendix

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**Table 1**  
**Estimated Capture Value**  
**TIF Revenue Project 1**  
**BAE Systems**

| <b>Tax Year</b> | <b>Fiscal Year Ending</b> | <b>New Taxable Value</b> | <b>Base Year Amount*</b> | <b>Captured Value (A.K.A. Increment Value)</b> |
|-----------------|---------------------------|--------------------------|--------------------------|--|
| 2011            | 2012                      | 6,676,651                | 3,921,700                | 2,754,950                                      |
| 2012            | 2013                      | 13,695,050               | 3,921,700                | 9,773,350                                      |
| 2013            | 2014                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2014            | 2015                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2015            | 2016                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2016            | 2017                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2017            | 2018                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2018            | 2019                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2019            | 2020                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2020            | 2021                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2021            | 2022                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2022            | 2023                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2023            | 2024                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2024            | 2025                      | 16,018,950               | 3,921,700                | 12,097,250                                     |
| 2025            | 2026                      | 16,018,950               | 3,921,700                | 12,097,250                                     |

Updated Information as of Dec. 31 2015

Current Taxable Value - \$13,270,800

Current Tax Increment Value - \$7,020,100

**Table 2**  
 Estimated Capture of Value  
 TIF Revenue Project 2: Chrysler Sterling Heights Assembly Paint Shop

| <b>Tax Year</b> | <b>Fiscal Year Ending</b> | <b>New Taxable Value</b> | <b>Base Year Amount*</b> | <b>Captured Value (A.K.A. Increment Value)</b> |
|-----------------|---------------------------|--------------------------|--------------------------|--|
| 2013            | 2014                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2014            | 2015                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2015            | 2016                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2016            | 2017                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2017            | 2018                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2018            | 2019                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2019            | 2020                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2020            | 2021                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2021            | 2022                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2022            | 2023                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2023            | 2024                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2024            | 2025                      | 52,800,000               | 19,827,400               | 32,972,600                                     |
| 2025            | 2026                      | 52,800,000               | 19,827,400               | 32,972,600                                     |

Updated Information as of Dec. 31 2015

Current Taxable Value - \$21,357,363

Current Tax Increment Value - \$21,357,363

The Base Year Amount for the FCA Paint Facility should be \$0. Previously \$19,827,400 was mistakenly used as the base value.

**Table 3**  
 Estimated Capture of Value  
 TIF Revenue Project 3: Chrysler Sterling Heights Assembly Body Shop

| <b>Tax Year</b> | <b>Fiscal Year Ending</b> | <b>New Taxable Value</b> | <b>Base Year Amount*</b> | <b>Captured Value (A.K.A. Increment Value)</b> |
|-----------------|---------------------------|--------------------------|--------------------------|--|
| 2014            | 2015                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2015            | 2016                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2016            | 2017                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2017            | 2018                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2018            | 2019                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2019            | 2020                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2020            | 2021                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2021            | 2022                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2022            | 2023                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2023            | 2024                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2024            | 2025                      | 50,300,000               | 19,827,400               | 30,472,600                                     |
| 2025            | 2026                      | 50,300,000               | 19,827,400               | 30,472,600                                     |

Updated Information as of Dec. 31 2015

Current Taxable Value - \$36,325,651

Current Tax Increment Value - \$16,498,251

**Table 4**  
 Estimated Capture of Value  
 TIF Revenue Project 4: Sterling Enterprise Park

| Year | Fiscal Year | Initial Taxable Value * | Building Taxable Value | Tax Increment Value Assuming 50% Abatement | Land Taxable Value | Total New Taxable Value | Tax Increment Value |
|------|-------------|-------------------------|------------------------|--|--------------------|-------------------------|---------------------|
| 1    | 2015/2016   | \$ 2,818,200.00         |                        |  | \$ 4,760,536.00    | \$ 4,760,536.00         | \$ 1,942,336.00     |
| 2    | 2016/2017   | \$ 2,818,200.00         |                        |  | \$ 7,180,536.00    | \$ 7,180,536.00         | \$ 4,362,336.00     |
| 3    | 2017/2018   | \$ 2,818,200.00         | \$10,000,000.00        | \$ 5,000,000.00                            | \$ 9,600,536.00    | \$ 14,600,536.00        | \$ 11,782,336.00    |
| 4    | 2018/2019   | \$ 2,818,200.00         | \$20,500,000.00        | \$ 10,250,000.00                           | \$ 10,080,562.80   | \$ 19,850,536.00        | \$ 17,032,336.00    |
| 5    | 2019/2020   | \$ 2,818,200.00         | \$31,525,000.00        | \$ 15,762,500.00                           | \$ 10,584,590.94   | \$ 25,363,036.00        | \$ 22,544,836.00    |
| 6    | 2020/2021   | \$ 2,818,200.00         | \$43,101,250.00        | \$ 21,550,625.00                           | \$ 11,113,820.49   | \$ 31,151,161.00        | \$ 28,332,961.00    |
| 7    | 2021/2022   | \$ 2,818,200.00         | \$55,256,312.50        | \$ 27,628,156.25                           | \$ 11,669,511.51   | \$ 37,228,692.25        | \$ 34,410,492.25    |
| 8    | 2022/2023   | \$ 2,818,200.00         | \$58,019,128.13        | \$ 29,009,564.06                           | \$ 12,252,987.09   | \$ 38,610,100.06        | \$ 35,791,900.06    |
| 9    | 2023/2024   | \$ 2,818,200.00         | \$60,920,084.53        | \$ 30,460,042.27                           | \$ 12,865,636.44   | \$ 40,060,578.27        | \$ 37,242,378.27    |
| 10   | 2024/2025   | \$ 2,818,200.00         | \$63,966,088.76        | \$ 31,983,044.38                           | \$ 13,508,918.26   | \$ 41,583,580.38        | \$ 38,765,380.38    |
| 11   | 2025/2026   | \$ 2,818,200.00         | \$67,164,393.20        | \$ 33,582,196.60                           | \$ 14,184,364.18   | \$ 43,182,732.60        | \$ 40,364,532.60    |
| 12   | 2026/2027   | \$ 2,818,200.00         | \$70,522,612.86        | \$ 35,261,306.43                           | \$ 14,893,582.39   | \$ 44,861,842.43        | \$ 42,043,642.43    |
| 13   | 2027/2028   | \$ 2,818,200.00         | \$74,048,743.50        | \$ 37,024,371.75                           | \$ 15,638,261.50   | \$ 46,624,907.75        | \$ 43,806,707.75    |
| 14   | 2028/2029   | \$ 2,818,200.00         | \$77,751,180.67        | \$ 38,875,590.34                           | \$ 16,420,174.58   | \$ 48,476,126.34        | \$ 45,657,926.34    |
| 15   | 2029/2030   | \$ 2,818,201.00         | \$81,638,739.71        | \$ 40,819,369.85                           | \$ 17,241,183.31   | \$ 50,419,905.85        | \$ 47,601,705.85    |
| 16   | 2030/2031   | \$ 2,818,201.00         | \$81,638,739.71        | \$ 40,819,369.85                           | \$ 17,241,183.31   | \$ 50,419,905.85        | \$ 47,601,705.85    |
| 17   | 2031/2032   | \$ 2,818,201.00         | \$81,638,739.71        | \$ 40,819,369.85                           | \$ 17,241,183.31   | \$ 50,419,905.85        | \$ 47,601,705.85    |
| 18   | 2032/2033   | \$ 2,818,201.00         | \$81,638,739.71        | \$ 40,819,369.85                           | \$ 17,241,183.31   | \$ 50,419,905.85        | \$ 47,601,705.85    |
| 19   | 2034/2035   | \$ 2,818,201.00         | \$81,638,739.71        | \$ 40,819,369.85                           | \$ 17,241,183.31   | \$ 50,419,905.85        | \$ 47,601,705.85    |
| 20   | 2035/2036   | \$ 2,818,201.00         | \$81,638,739.71        | \$ 40,819,369.85                           | \$ 17,241,183.31   | \$ 50,419,905.85        | \$ 47,601,705.85    |

**Table 5a Estimated Tax Increment Revenue from Local Millages –Project 1: BAE Systems**

| Tax Year | Fiscal Year Ending | New Taxable Value | Base Value | Tax Increment Value | City   | Macomb County | County Zoo Authority | Veterans Operations | HCMA  | SMART  | Macomb Community College Operating | TIF Revenue |         |
|----------|--------------------|-------------------|------------|---------------------|--------|---------------|----------------------|---------------------|-------|--------|------------------------------------|-------------|---------|
| 2009     | 2010               | 3,832,200         | 3,921,700  | 0                   | 0      | 0             | 0                    | 0                   | 0     | 0      | 0                                  | 0           |         |
| 2010     | 2011               | 3,331,600         | 3,921,700  | 0                   | 0      | 0             | 0                    | 0                   | 0     | 0      | 0                                  | 0           |         |
| 2011     | 2012               | 6,676,650         | 3,921,700  | 2,754,950           | 8,736  | 3,146         | 69                   | 28                  | 148   | 406    | 979                                | 13,512      |         |
| 2012     | 2013               | 13,695,050        | 3,921,700  | 9,773,350           | 30,993 | 11,162        | 244                  | 98                  | 524   | 1,442  | 3,472                              | 47,936      |         |
| 2013     | 2014               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2014     | 2015               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2015     | 2016               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2016     | 2017               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2017     | 2018               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2018     | 2019               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2019     | 2020               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2020     | 2021               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2021     | 2022               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2022     | 2023               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2023     | 2024               | 16,018,950        | 3,921,700  | 12,097,250          | 38,363 | 13,817        | 302                  | 121                 | 649   | 1,784  | 4,298                              | 59,334      |         |
| 2024*    | 2025               | 16,018,950        | 3,921,700  | 12,097,250          | 76,726 | 27,633        | 605                  | 242                 | 1,298 | 3,569  | 8,596                              | 118,669     |         |
| 2025     | 2026               | 16,018,950        | 3,921,700  | 12,097,250          | 76,726 | 27,633        | 605                  | 242                 | 1,298 | 3,569  | 8,596                              | 118,669     |         |
|          |                    |                   |            |                     | TOTAL  | 615,172       | 221,557              | 4,850               | 1,940 | 10,407 | 28,613                             | 68,924      | 951,463 |

\*This project has a PA 198 tax abatement that will expire in 2024.

Table 5b Updated 2016 –Project 1: BAE Systems

| Local Tax Capture - BAE Facility |                    |                              |  |              |               |  |                                 |                                      |                  |                             |  |
|----------------------------------|--------------------|------------------------------|--|--------------|---------------|--|---------------------------------|--------------------------------------|------------------|-----------------------------|--|
| <u>Year</u>                      | <u>Fiscal Year</u> | <u>Initial Taxable Value</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u>  | <u>County</u> | <u>Macomb Intermediate School District</u> | <u>Macomb Community College</u> | <u>Huron Clinton Metro Authority</u> | <u>S.M.A.R.T</u> | <u>Total Annual Capture</u> |  |
|                                  |                    |                              |  | 0.0151858    | 0.0045685     | 0.002943                                   | 0.0014212                       | 0.0002146                            | 0.001            |                             |  |
| 1                                | 2016/2017          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 2                                | 2017/2018          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 3                                | 2018/2019          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 4                                | 2019/2020          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 5                                | 2020/2021          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 6                                | 2021/2022          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 7                                | 2022/2023          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 8                                | 2023/2024          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 9                                | 2024/2025          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
| 10                               | 2025/2026          | \$ -                         | \$ 7,020,100.0                             | \$ 106,606   | \$ 32,071     | \$ 20,660                                  | \$ 9,977                        | \$ 1,507                             | \$ 7,020         | \$ 177,841                  |  |
|                                  |                    |                              |  | \$ 1,066,058 | \$ 320,713    | \$ 206,602                                 | \$ 99,770                       | \$ 15,065                            | \$ 70,201        | \$ 1,778,409                |  |

**Table 6a- Estimated Tax Increment Revenue from School Millages –Project 1: BAE Systems**

| Tax Year | Fiscal Year Ending | New Taxable Value | Base Value | Tax Increment Value | Warren Consolidated School | Macomb County ISD | State Education Tax | SHLDFA Revenue |
|----------|--------------------|-------------------|------------|---------------------|----------------------------|-------------------|---------------------|----------------|
| 2011     | 2012               | 6,676,650         | 3,921,700  | 2,754,950           | \$12,397                   | \$2,027           | \$8,265             | \$22,689       |
| 2012     | 2013               | 13,695,050        | 3,921,700  | 9,773,350           | \$43,980                   | \$7,191           | \$29,320            | \$80,491       |
| 2013     | 2014               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2014     | 2015               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2015     | 2016               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2016     | 2017               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2017     | 2018               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2018     | 2019               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2019     | 2020               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2020     | 2021               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2021     | 2022               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2022     | 2023               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2023     | 2024               | 16,018,950        | 3,921,700  | 12,097,250          | \$54,438                   | \$8,901           | \$36,292            | \$99,630       |
| 2024*    | 2025               | 16,018,950        | 3,921,700  | 12,097,250          | \$108,875                  | \$17,801          | \$36,292            | \$162,968.10   |
| 2025     | 2026               | 16,018,950        | 3,921,700  | 12,097,250          | \$108,875                  | \$17,801          | \$36,292            | \$162,968.10   |
|          |                    |                   |            | TOTAL               | \$872,945                  | \$142,731         | \$509,381           | \$1,525,046    |

\*This project has a PA 198 tax abatement that will expire in 2024. The State Education Tax was not abated.

Table 6b – 2016 Updated School TIF Capture – BAE Systems

| <u>Year</u> | <u>Fiscal Year</u> | <u>Initial Taxable Value</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>Local Schools</u> | <u>State Education</u> | <u>Total Annual Capture</u> |
|-------------|--------------------|------------------------------|--|----------------------|------------------------|-----------------------------|
|             |                    |                              |  | 0.009                | 0.003                  |                             |
| 1           | 2016/2017          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 2           | 2017/2018          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 3           | 2018/2019          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 4           | 2019/2020          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 5           | 2020/2021          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 6           | 2021/2022          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 7           | 2022/2023          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 8           | 2023/2024          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 9           | 2024/2025          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |
| 10          | 2025/2026          | \$ -                         | \$ 7,020,100.0                             | \$ 63,181            | \$ 21,060              | \$ 84,241                   |

**Table 6c –15 Year SmartZone Extension – BAE Systems**

| <u>Year</u> | <u>Fiscal Year</u> | <u>Tax Increment Value -<br/>50% Abatement</u> | <u>Local School</u> | <u>State<br/>Education</u> | <u>Total Annual<br/>Capture</u> |
|-------------|--------------------|--|---------------------|----------------------------|---------------------------------|
| 11          | 2026/2027          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 12          | 2027/2028          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 13          | 2028/2029          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 14          | 2029/2030          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 15          | 2030/2031          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 16          | 2031/2032          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 17          | 2032/2033          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 18          | 2033/2034          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 19          | 2034/2035          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 20          | 2035/2036          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 21          | 2035/2037          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 22          | 2035/2038          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 23          | 2035/2039          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 24          | 2035/2040          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
| 25          | 2035/2041          | \$ 7,020,100.0                                 | \$ 63,181           | \$ 21,060                  | \$ 84,241                       |
|             |                    |  | \$ 947,714          | \$ 315,905                 | \$ 1,263,618                    |

**Table 7a Estimated TOTAL Tax Increment Revenue – TIF Revenue Project 2: Chrysler Sterling Heights Assembly Plant Paint Shop**

| Tax Year | Fiscal Year Ending | New Taxable Value | Base Value | Captured Value A.K.A. Increment Value | City      | Utica Comm. School (Sum. + Win.) | Macomb County ISD | Macomb County | County Zoo Authority | Veterans Operations | HCMA   | SMART  | MCC     | State Education Tax | TIF Revenue |
|----------|--------------------|-------------------|------------|---------------------------------------|-----------|----------------------------------|-------------------|---------------|----------------------|---------------------|--------|--------|---------|---------------------|-------------|
| 2013     | 2014               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2014     | 2015               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2015     | 2016               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2016     | 2017               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2017     | 2018               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2018     | 2019               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2019     | 2020               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2020     | 2021               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2021     | 2022               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2022     | 2023               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2023     | 2024               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2024     | 2025               | 52,800,000        | 19,827,400 | 32,972,600                            | 104,563   | 147,813                          | 24,260            | 37,659        | 824                  | 330                 | 1,769  | 4,863  | 11,715  | 98,918              | 432,713     |
| 2025     | 2026               | 52,800,000        | 19,827,400 | 32,972,600                            | 209,125   | 295,626                          | 48,519            | 75,318        | 1,649                | 659                 | 3,538  | 9,727  | 23,430  | 98,918              | 766,509     |
| TOTAL    |                    |                   |            |                                       | 1,463,881 | 2,069,382                        | 339,639           | 527,226       | 11,537               | 4,619               | 24,766 | 68,083 | 164,010 | 1,285,934           | 5,959,065   |

\*This project has a PA 198 tax abatement that will expire in 2025. The State Education Tax was not abated.

**Table 7b – Updated 2016 Local Capture – FCA Paint Facility**

| <u>Year</u> | <u>Fiscal Year</u> | <u>Initial Taxable Value **</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u>  | <u>County</u> | <u>Macomb Intermediate School District</u> | <u>Macomb Community College</u> | <u>Huron Clinton Metro Authority</u> | <u>S.M.A.R.T</u> | <u>Total Annual Capture</u> |
|-------------|--------------------|---------------------------------|--|--------------|---------------|--|---------------------------------|--------------------------------------|------------------|-----------------------------|
|             |                    |                                 |  | 0.0151858    | 0.0045685     | 0.002943                                   | 0.0014212                       | 0.0002146                            | 0.001            |                             |
| 1           | 2016/2017          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 2           | 2017/2018          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 3           | 2018/2019          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 4           | 2019/2020          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 5           | 2020/2021          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 6           | 2021/2022          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 7           | 2022/2023          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 8           | 2023/2024          | \$ -                            | \$ 21,357,363.0                            | \$ 324,329   | \$ 97,571     | \$ 62,855                                  | \$ 30,353                       | \$ 4,583                             | \$ 21,357        | \$ 541,048                  |
| 9           | 2024/2025          | \$ -                            | \$ 42,714,726.0                            | \$ 648,657   | \$ 195,142    | \$ 125,709                                 | \$ 60,706                       | \$ 9,167                             | \$ 42,715        | \$ 1,082,096                |
| 10          | 2025/2026          | \$ -                            | \$ 42,714,726.0                            | \$ 648,657   | \$ 195,142    | \$ 125,709                                 | \$ 60,706                       | \$ 9,167                             | \$ 42,715        | \$ 1,082,096                |
|             |                    |                                 |  |              |               |  |                                 |                                      |                  |                             |
|             |                    |                                 |  | \$ 3,891,944 | \$ 1,170,853  | \$ 754,257                                 | \$ 364,237                      | \$ 54,999                            | \$ 256,288       | \$ 6,492,579                |

**Table 7c – 2016 Updated School TIF Capture – FCA Paint Facility**

| School Tax Capture - FCA Paint Facility |                    |                              |  |             |               |                             |
|---|--------------------|------------------------------|--|-------------|---------------|-----------------------------|
| <u>Year</u>                             | <u>Fiscal Year</u> | <u>Initial Taxable Value</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u> | <u>County</u> | <u>Total Annual Capture</u> |
|   |                    |                              |  | 0.009       | 0.003         |                             |
| 1                                       | 2016/2017          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 2                                       | 2017/2018          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 3                                       | 2018/2019          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 4                                       | 2019/2020          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 5                                       | 2020/2021          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 6                                       | 2021/2022          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 7                                       | 2022/2023          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 8                                       | 2023/2024          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 9                                       | 2024/2025          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |
| 10                                      | 2025/2026          | \$ -                         | \$ 21,357,363                              | \$ 192,216  | \$ 64,072     | \$ 256,288                  |

**Table 7d – 15 year SmartZone Extension – FCA Paint Facility**

| <u>Year</u> | <u>Fiscal Year</u> | <u>Initial Taxable Value</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u> | <u>County</u> | <u>Total Annual Capture</u> |
|-------------|--------------------|------------------------------|--|-------------|---------------|-----------------------------|
| 11          | 2026/2027          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 12          | 2027/2028          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 13          | 2028/2029          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 14          | 2029/2030          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 15          | 2030/2031          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 16          | 2031/2032          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 17          | 2032/2033          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 18          | 2033/2034          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 19          | 2034/2035          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 20          | 2035/2036          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 21          | 2035/2037          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 22          | 2035/2038          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 23          | 2035/2039          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 24          | 2035/2040          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |
| 25          | 2035/2041          | \$ -                         | \$ 21,357,363.0                            | \$192,216   | \$ 64,072     | \$256,288                   |

**Table 8a Estimated TOTAL Tax Increment Revenue – TIF Revenue Project 3: Chrysler Sterling Heights Assembly Plant Body Shop**

| Tax Year     | Fiscal Year Ending | New Taxable Value | Base Value | Captured Value A.K.A. Increment Value | City         | Utica Comm. School (Sum. + Win.) | Macomb County ISD | Macomb County | County Zoo Authority | Veterans Operations | HCMA     | SMART     | MCC       | State Education Tax | TIF Revenue |
|--------------|--------------------|-------------------|------------|---------------------------------------|--------------|----------------------------------|-------------------|---------------|----------------------|---------------------|----------|-----------|-----------|---------------------|-------------|
| 2014         | 2015               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2015         | 2016               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2016         | 2017               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2017         | 2018               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2018         | 2019               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2019         | 2020               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2020         | 2021               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2021         | 2022               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2022         | 2023               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2023         | 2024               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2024         | 2025               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| 2025         | 2026               | 50,300,000        | 19,827,400 | 30,472,600                            | 193,284.65   | 273,211                          | 44,840            | 69,607        | 1,524                | 609                 | 3,270    | 8,989     | 21,654    | 91,418              | \$708,407   |
| <b>TOTAL</b> |                    |                   |            |                                       | \$543,331.50 | \$3,278,535                      | \$538,085         | \$835,284     | \$18,284             | \$7,313             | \$39,237 | \$107,873 | \$259,846 | \$1,097,014         | \$8,500,880 |

\*This project does not have a real property tax abatement as of the time this plan was prepared.

**Table 8b – 2016 Updated Local TIF Capture – FCA Body Shop**

| Local Tax Capture - FCA Body Shop |                    |                                 |  |              |               |  |                                 |                                      |                  |                             |  |
|-----------------------------------|--------------------|---------------------------------|--|--------------|---------------|--|---------------------------------|--------------------------------------|------------------|-----------------------------|--|
| <u>Year</u>                       | <u>Fiscal Year</u> | <u>Initial Taxable Value **</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u>  | <u>County</u> | <u>Macomb Intermediate School District</u> | <u>Macomb Community College</u> | <u>Huron Clinton Metro Authority</u> | <u>S.M.A.R.T</u> | <u>Total Annual Capture</u> |  |
|                                   |                    |                                 |  | 0.0151858    | 0.0045685     | 0.002943                                   | 0.0014212                       | 0.0002146                            | 0.001            |                             |  |
| 1                                 | 2016/2017          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 2                                 | 2017/2018          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 3                                 | 2018/2019          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 4                                 | 2019/2020          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 5                                 | 2020/2021          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 6                                 | 2021/2022          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 7                                 | 2022/2023          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 8                                 | 2023/2024          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 9                                 | 2024/2025          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
| 10                                | 2025/2026          | \$ -                            | \$ 16,498,251                              | \$ 250,539   | \$ 75,372     | \$ 48,554                                  | \$ 23,447                       | \$ 3,541                             | \$ 16,498        | \$ 417,952                  |  |
|                                   |                    |                                 |  | \$ 2,505,391 | \$ 753,723    | \$ 485,544                                 | \$ 234,473                      | \$ 35,405                            | \$ 164,983       | \$ 4,179,518                |  |

**Table 8c – 2016 Updated School TIF Capture – FCA Body Shop**

| School Tax Capture - FCA Body Shop |                    |  |             |               |                             |
|------------------------------------|--------------------|--|-------------|---------------|-----------------------------|
| <u>Year</u>                        | <u>Fiscal Year</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u> | <u>County</u> | <u>Total Annual Capture</u> |
|                                    |                    |  | 0.009       | 0.003         |                             |
| 1                                  | 2016/2017          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 2                                  | 2017/2018          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 3                                  | 2018/2019          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 4                                  | 2019/2020          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 5                                  | 2020/2021          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 6                                  | 2021/2022          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 7                                  | 2022/2023          | \$ 16,498,251.0                            | \$ 148,484  | \$ 49,495     | \$ 197,979                  |
| 8                                  | 2023/2024          | \$ 32,996,502.0                            | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 9                                  | 2024/2025          | \$ 32,996,502.0                            | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 10                                 | 2025/2026          | \$ 32,996,502.0                            | \$ 296,969  | \$ 98,990     | \$ 395,958                  |

**Table 8d – 15 Year SmartZone Extension – FCA Body Shop**

| <u>Year</u> | <u>Fiscal Year</u> | <u>Tax Increment Value - 50% Abatement</u> | <u>City</u> | <u>County</u> | <u>Total Annual Capture</u> |
|-------------|--------------------|--|-------------|---------------|-----------------------------|
| 11          | 2026/2027          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 12          | 2027/2028          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 13          | 2028/2029          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 14          | 2029/2030          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 15          | 2030/2031          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 16          | 2031/2032          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 17          | 2032/2033          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 18          | 2033/2034          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 19          | 2034/2035          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 20          | 2035/2036          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 21          | 2035/2037          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 22          | 2035/2038          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 23          | 2035/2039          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 24          | 2035/2040          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |
| 25          | 2035/2041          | \$ 32,996,502                              | \$ 296,969  | \$ 98,990     | \$ 395,958                  |

Table 9a projected local tax increment revenues from TIF Revenue Project 4: Sterling Enterprise Park.

| Year | Assessment Year | Fiscal Year | Initial Taxable Value *                       | Real Property Investment | Building Taxable Value | Tax Increment Value Assuming 50% Abatement | Land Taxable Value | Total New Taxable Value | Tax Increment Value | City            | County          | Macomb Intermediate School District | Macomb Community College | Huron Clinton Metro Authority | S.M.A.R.T     | Total Annual Capture |                 |
|------|-----------------|-------------|---|--------------------------|------------------------|--|--------------------|-------------------------|---------------------|-----------------|-----------------|-------------------------------------|--------------------------|-------------------------------|---------------|----------------------|-----------------|
|      |                 |             |   |                          |                        |  |                    |                         |                     | 0.0151858       | 0.0045685       | 0.002943                            | 0.0014212                | 0.0002146                     | 0.001         |                      |                 |
| 1    | 2015            | 2015/2016   | \$2,818,200                                   |                          |                        |  | \$ 4,760,536       | \$ 4,760,536            | \$ 1,942,336        | \$ 29,496       | \$ 8,874        | \$ 5,716                            | \$ 2,760                 | \$ 417                        | \$ 1,942      | \$ 49,205            |                 |
| 2    | 2016            | 2016/2017   | \$2,818,200                                   |                          |                        |  | \$ 7,180,536       | \$ 7,180,536            | \$ 4,362,336        | \$ 66,246       | \$ 19,929       | \$ 12,838                           | \$ 6,200                 | \$ 936                        | \$ 4,362      | \$ 110,511           |                 |
| 3    | 2017            | 2017/2018   | \$2,818,200                                   | \$ 20,000,000            | \$ 10,000,000          | \$ 5,000,000                               | \$ 9,600,536       | \$ 14,600,536           | \$ 14,600,536       | \$ 221,721      | \$ 66,703       | \$ 42,969                           | \$ 20,750                | \$ 3,133                      | \$ 14,601     | \$ 369,877           |                 |
| 4    | 2018            | 2018/2019   | \$2,818,200                                   | \$ 20,000,000            | \$ 20,500,000          | \$10,250,000                               | \$10,080,563       | \$ 19,850,536           | \$ 19,850,536       | \$ 301,446      | \$ 90,687       | \$ 58,420                           | \$ 28,212                | \$ 4,260                      | \$ 19,851     | \$ 502,876           |                 |
| 5    | 2019            | 2019/2020   | \$2,818,200                                   | \$ 20,000,000            | \$ 31,525,000          | \$15,762,500                               | \$10,584,591       | \$ 25,363,036           | \$ 25,363,036       | \$ 385,158      | \$ 115,871      | \$ 74,643                           | \$ 36,046                | \$ 5,443                      | \$ 25,363     | \$ 642,524           |                 |
| 6    | 2020            | 2020/2021   | \$2,818,200                                   | \$ 20,000,000            | \$ 43,101,250          | \$21,550,625                               | \$11,113,820       | \$ 31,151,161           | \$ 31,151,161       | \$ 473,055      | \$ 142,314      | \$ 91,678                           | \$ 44,272                | \$ 6,685                      | \$ 31,151     | \$ 789,155           |                 |
| 7    | 2021            | 2021/2022   | \$2,818,200                                   | \$ 20,000,000            | \$ 55,256,313          | \$27,628,156                               | \$11,669,512       | \$ 37,228,692           | \$ 37,228,692       | \$ 565,347      | \$ 170,079      | \$ 109,564                          | \$ 52,909                | \$ 7,989                      | \$ 37,229     | \$ 943,118           |                 |
| 8    | 2022            | 2022/2023   | \$2,818,200                                   |                          | \$ 58,019,128          | \$29,009,564                               | \$12,252,987       | \$ 38,610,100           | \$ 38,610,100       | \$ 586,325      | \$ 176,390      | \$ 113,630                          | \$ 54,873                | \$ 8,286                      | \$ 38,610     | \$ 978,114           |                 |
| 9    | 2023            | 2023/2024   | \$2,818,200                                   |                          | \$ 60,920,085          | \$30,460,042                               | \$12,865,636       | \$ 40,060,578           | \$ 40,060,578       | \$ 608,352      | \$ 183,017      | \$ 117,898                          | \$ 56,934                | \$ 8,597                      | \$ 40,061     | \$ 1,014,859         |                 |
| 10   | 2024            | 2024/2025   | \$2,818,200                                   |                          | \$ 63,966,089          | \$31,983,044                               | \$13,508,918       | \$ 41,583,580           | \$ 41,583,580       | \$ 631,480      | \$ 189,975      | \$ 122,380                          | \$ 59,099                | \$ 8,924                      | \$ 41,584     | \$ 1,053,441         |                 |
| 11   | 2025            | 2025/2026   | \$2,818,200                                   |                          | \$ 67,164,393          | \$33,582,197                               | \$14,184,364       | \$ 43,182,733           | \$ 43,182,733       | \$ 655,764      | \$ 197,280      | \$ 127,087                          | \$ 61,371                | \$ 9,267                      | \$ 43,183     | \$ 1,093,952         |                 |
| 12   | 2026            | 2026/2027   | \$2,818,200                                   |                          | \$ 70,522,613          | \$35,261,306                               | \$14,893,582       | \$ 44,861,842           | \$ 44,861,842       | \$ 681,263      | \$ 204,951      | \$ 132,028                          | \$ 63,758                | \$ 9,627                      | \$ 44,862     | \$ 1,136,490         |                 |
| 13   | 2027            | 2027/2028   | \$2,818,200                                   |                          | \$ 74,048,743          | \$37,024,372                               | \$15,638,262       | \$ 46,624,908           | \$ 46,624,908       | \$ 708,037      | \$ 213,006      | \$ 137,217                          | \$ 66,263                | \$ 10,006                     | \$ 46,625     | \$ 1,181,153         |                 |
| 14   | 2028            | 2028/2029   | \$2,818,200                                   |                          | \$ 77,751,181          | \$38,875,590                               | \$16,420,175       | \$ 48,476,126           | \$ 48,476,126       | \$ 736,149      | \$ 221,463      | \$ 142,665                          | \$ 68,894                | \$ 10,403                     | \$ 48,476     | \$ 1,228,051         |                 |
| 15   | 2029            | 2028/2030   | \$2,818,201                                   |                          | \$ 81,638,740          | \$40,819,370                               | \$17,241,183       | \$ 50,419,906           | \$ 50,419,906       | \$ 765,667      | \$ 230,343      | \$ 148,386                          | \$ 71,657                | \$ 10,820                     | \$ 50,420     | \$ 1,277,293         |                 |
| 16   | 2030            | 2028/2031   | \$2,818,202                                   |                          | \$ 85,720,677          | \$42,860,338                               | \$17,241,184       | \$ 52,460,874           | \$ 52,460,874       | \$ 796,660      | \$ 239,668      | \$ 154,392                          | \$ 74,557                | \$ 11,258                     | \$ 52,461     | \$ 1,328,997         |                 |
| 17   | 2031            | 2028/2032   | \$2,818,203                                   |                          | \$ 90,006,711          | \$45,003,355                               | \$17,241,185       | \$ 54,603,891           | \$ 54,603,891       | \$ 829,204      | \$ 249,458      | \$ 160,699                          | \$ 77,603                | \$ 11,718                     | \$ 54,604     | \$ 1,383,286         |                 |
| 18   | 2032            | 2028/2033   | \$2,818,204                                   |                          | \$ 94,507,046          | \$47,253,523                               | \$17,241,186       | \$ 56,854,059           | \$ 56,854,059       | \$ 863,374      | \$ 259,738      | \$ 167,321                          | \$ 80,801                | \$ 12,201                     | \$ 56,854     | \$ 1,440,290         |                 |
| 19   | 2033            | 2028/2034   | \$2,818,205                                   |                          | \$ 99,232,398          | \$49,616,199                               | \$17,241,187       | \$ 59,216,735           | \$ 59,216,735       | \$ 899,253      | \$ 270,532      | \$ 174,275                          | \$ 84,159                | \$ 12,708                     | \$ 59,217     | \$ 1,500,143         |                 |
| 20   | 2034            | 2028/2035   | \$2,818,206                                   |                          | \$ 104,194,018         | \$52,097,009                               | \$17,241,188       | \$ 61,697,545           | \$ 61,697,545       | \$ 936,927      | \$ 281,865      | \$ 181,576                          | \$ 87,685                | \$ 13,240                     | \$ 61,698     | \$ 1,562,990         |                 |
|      |                 |             |   | \$ 100,000,000           |                        |  |                    |                         |                     | \$ 11,740,924   | \$ 3,532,143    | \$ 2,275,385                        | \$ 1,098,803             | \$ 165,918                    | \$ 773,152    | \$ 12,370,619        |                 |
|      |                 |             | * Includes the value of the land in year one. |                          |                        |  |                    |                         |                     | 50% LDFA        | \$ 5,870,462.11 | \$ 1,766,071.34                     | \$ 1,137,692.45          | \$ 549,401.46                 | \$ 82,959.16  | \$ 386,575.76        | \$ 6,185,309.52 |
|      |                 |             |   |                          |                        |  |                    |                         | 50% Local           | \$ 5,870,462.11 | \$ 1,766,071.34 | \$ 1,137,692.45                     | \$ 549,401.46            | \$ 82,959.16                  | \$ 386,575.76 | \$ 6,185,309.52      |                 |

Table 9b projected *school* tax increment revenues from TIF Revenue Project 4: Sterling Enterprise Park

| School Tax Capture-Sterling Enterprise Park                            |             |                          |                          |                        |  |                    |                         |                     |                       |                     |                      |
|--|-------------|--------------------------|--------------------------|------------------------|--|--------------------|-------------------------|---------------------|-----------------------|---------------------|----------------------|
| Year   | Fiscal Year | Initial Taxable Value ** | Real Property Investment | Building Taxable Value | Tax Increment Value Assuming 50% Abatement | Land Taxable Value | Total New Taxable Value | Tax Increment Value | Local Schools Millage | State Education Tax | Total Annual Capture |
|  |             |                          |                          |                        |  |                    |                         |                     | 0.009                 | 0.003               |                      |
| 1  | 2016/2017   | \$2,818,200              |                          |                        |  | \$ 5,488,600       | \$ 5,488,600            | \$ 2,670,400        | \$ 24,034             | \$ 8,011            | \$ 32,045            |
| 2  | 2017/2018   | \$2,818,200              |                          |                        |  | \$ 7,180,536       | \$ 7,180,536            | \$ 4,362,336        | \$ 39,261             | \$ 13,087           | \$ 52,348            |
| 3  | 2018/2019   | \$2,818,200              | \$ 20,000,000            | \$10,000,000           | \$ 5,000,000                               | \$ 9,600,536       | \$ 14,600,536           | \$ 14,600,536       | \$ 131,405            | \$ 43,802           | \$ 175,206           |
| 4  | 2019/2020   | \$2,818,200              | \$ 20,000,000            | \$20,500,000           | \$10,250,000                               | \$10,080,563       | \$ 19,850,536           | \$ 19,850,536       | \$ 178,655            | \$ 59,552           | \$ 238,206           |
| 5  | 2020/2021   | \$2,818,200              | \$ 20,000,000            | \$31,525,000           | \$15,762,500                               | \$10,584,591       | \$ 25,363,036           | \$ 25,363,036       | \$ 228,267            | \$ 76,089           | \$ 304,356           |
| 6  | 2021/2022   | \$2,818,200              | \$ 20,000,000            | \$43,101,250           | \$21,550,625                               | \$11,113,820       | \$ 31,151,161           | \$ 31,151,161       | \$ 280,360            | \$ 93,453           | \$ 373,814           |
| 7  | 2022/2023   | \$2,818,200              | \$ 20,000,000            | \$55,256,313           | \$27,628,156                               | \$11,669,512       | \$ 37,228,692           | \$ 37,228,692       | \$ 335,058            | \$ 111,686          | \$ 446,744           |
| 8  | 2023/2024   | \$2,818,200              |                          | \$58,019,128           | \$29,009,564                               | \$12,252,987       | \$ 38,610,100           | \$ 38,610,100       | \$ 347,491            | \$ 115,830          | \$ 463,321           |
| 9  | 2024/2025   | \$2,818,200              |                          | \$60,920,085           | \$30,460,042                               | \$12,865,636       | \$ 40,060,578           | \$ 40,060,578       | \$ 360,545            | \$ 120,182          | \$ 480,727           |
| 10   | 2025/2026   | \$2,818,200              |                          | \$63,966,089           | \$31,983,044                               | \$13,508,918       | \$ 41,583,580           | \$ 41,583,580       | \$ 374,252            | \$ 124,751          | \$ 499,003           |
|  |             |                          | \$ 100,000,000           |                        |  |                    |                         |                     | \$ 2,299,329          | \$ 766,443          | \$ 3,065,771         |
| * The base assessment year is Dec. 31 2014                             |             |                          |                          |                        |  |                    |                         |                     |                       |                     |                      |
| **Includes the value of the land in year one.                          |             |                          |                          |                        |  |                    |                         |                     |                       |                     |                      |
| The LDFA has 10 years of capture remaining under the current SmartZone |             |                          |                          |                        |  |                    |                         |                     |                       |                     |                      |

Table 9c – 15 Year SmartZone Extension - Sterling Enterprise Park

| School Tax Capture-Sterling Enterprise Park  |             |                         |                          |                        |   |                    |                         |                     |                       |                     |                      |
|--|-------------|-------------------------|--------------------------|------------------------|---|--------------------|-------------------------|---------------------|-----------------------|---------------------|----------------------|
| Year   | Fiscal Year | Initial Taxable Value * | Real Property Investment | Building Taxable Value | Tax Increment Value Assuming 50% Abatement Expires in Year 20 | Land Taxable Value | Total New Taxable Value | Tax Increment Value | Local Schools Millage | State Education Tax | Total Annual Capture |
|  |             |                         | \$100 Million            |                        |   |                    |                         |                     | 0.009                 | 0.003               |                      |
| 11   | 2026/2027   | \$ 2,818,200            |                          | \$ 67,164,393          | \$ 33,582,197   | \$ 14,184,364      | \$ 43,182,733           | \$ 43,182,733       | \$ 388,645            | \$ 129,548          | \$ 518,193           |
| 12   | 2027/2028   | \$ 2,818,200            |                          | \$ 70,522,613          | \$ 35,261,306   | \$ 14,893,582      | \$ 44,861,842           | \$ 44,861,842       | \$ 403,757            | \$ 134,586          | \$ 538,342           |
| 13   | 2028/2029   | \$ 2,818,200            |                          | \$ 74,048,743          | \$ 37,024,372   | \$ 15,638,262      | \$ 46,624,908           | \$ 46,624,908       | \$ 419,624            | \$ 139,875          | \$ 559,499           |
| 14   | 2029/2030   | \$ 2,818,200            |                          | \$ 77,751,181          | \$ 38,875,590   | \$ 16,420,175      | \$ 48,476,126           | \$ 48,476,126       | \$ 436,285            | \$ 145,428          | \$ 581,714           |
| 15   | 2030/2031   | \$ 2,818,200            |                          | \$ 81,638,740          | \$ 40,819,370   | \$ 17,241,183      | \$ 50,419,906           | \$ 50,419,906       | \$ 453,779            | \$ 151,260          | \$ 605,039           |
| 16   | 2031/2032   | \$ 2,818,200            |                          | \$ 85,720,677          | \$ 42,860,338   | \$ 17,241,184      | \$ 52,460,874           | \$ 52,460,874       | \$ 472,148            | \$ 157,383          | \$ 629,530           |
| 17   | 2032/2033   | \$ 2,818,200            |                          | \$ 90,006,711          | \$ 45,003,355   | \$ 17,241,185      | \$ 54,603,891           | \$ 54,603,891       | \$ 491,435            | \$ 163,812          | \$ 655,247           |
| 18   | 2033/2034   | \$ 2,818,200            |                          | \$ 94,507,046          | \$ 47,253,523   | \$ 17,241,186      | \$ 56,854,059           | \$ 56,854,059       | \$ 511,687            | \$ 170,562          | \$ 682,249           |
| 19   | 2034/2035   | \$ 2,818,200            |                          | \$ 99,232,398          | \$ 49,616,199   | \$ 17,241,187      | \$ 59,216,735           | \$ 59,216,735       | \$ 532,951            | \$ 177,650          | \$ 710,601           |
| 20   | 2035/2036   | \$ 2,818,200            |                          | \$ 104,194,018         | \$ 104,194,018  | \$ 17,241,188      | \$ 113,794,554          | \$ 113,794,554      | \$ 1,024,151          | \$ 341,384          | \$ 1,365,535         |
| 21   | 2036/2037   | \$ 2,818,200            |                          | \$ 109,403,719         | \$ 109,403,719  | \$ 17,241,189      | \$ 119,004,255          | \$ 119,004,255      | \$ 1,071,038          | \$ 357,013          | \$ 1,428,051         |
| 22   | 2037/2038   | \$ 2,818,200            |                          | \$ 114,873,905         | \$ 114,873,905  | \$ 17,241,190      | \$ 124,474,441          | \$ 124,474,441      | \$ 1,120,270          | \$ 373,423          | \$ 1,493,693         |
| 23   | 2038/2039   | \$ 2,818,200            |                          | \$ 120,617,600         | \$ 120,617,600  | \$ 17,241,191      | \$ 130,218,136          | \$ 130,218,136      | \$ 1,171,963          | \$ 390,654          | \$ 1,562,618         |
| 24   | 2039/2040   | \$ 2,818,200            |                          | \$ 126,648,480         | \$ 126,648,480  | \$ 17,241,192      | \$ 136,249,016          | \$ 136,249,016      | \$ 1,226,241          | \$ 408,747          | \$ 1,634,988         |
| 25   | 2040/2041   | \$ 2,818,200            |                          | \$ 132,980,904         | \$ 132,980,904  | \$ 17,241,193      | \$ 142,581,440          | \$ 142,581,440      | \$ 1,283,233          | \$ 427,744          | \$ 1,710,977         |
|  |             |                         |                          |                        |   |                    |                         |                     | \$ 11,007,206         | \$ 3,669,069        | \$ 14,676,275        |
| *The base year is Dec 31 2014  |             |                         |                          |                        |   |                    |                         |                     |                       |                     |                      |
| This table represents an additional 15 years of capture IF the LDFA is granted a 15 year extension by the MEDC |             |                         |                          |                        |   |                    |                         |                     |                       |                     |                      |

Table 10a - Total Local Tax Increment Revenues – All Projects

| Local Capture All Projects |             |             |              |            |              |  |                     |               |  |
|----------------------------|-------------|-------------|--------------|------------|--------------|--|---------------------|---------------|--|
| Year                       | Fiscal Year | BAE Systems | FCA Paint    | FCA Body   | Total        |  | Sterling Enterprise | Total         |  |
| 1                          | 2016/2017   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 67,650           | \$ 1,204,490  |  |
| 2                          | 2017/2018   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 110,511          | \$ 1,247,352  |  |
| 3                          | 2018/2019   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 369,877          | \$ 1,506,718  |  |
| 4                          | 2019/2020   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 502,876          | \$ 1,639,717  |  |
| 5                          | 2020/2021   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 642,524          | \$ 1,779,365  |  |
| 6                          | 2021/2022   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 789,155          | \$ 1,925,996  |  |
| 7                          | 2022/2023   | \$ 177,841  | \$ 541,048   | \$ 417,952 | \$ 1,136,841 |  | \$ 943,118          | \$ 2,079,959  |  |
| 8                          | 2023/2024   | \$ 177,841  | \$ 541,048   | \$ 835,904 | \$ 1,554,793 |  | \$ 978,114          | \$ 2,532,907  |  |
| 9                          | 2024/2025   | \$ 177,841  | \$ 1,082,096 | \$ 835,904 | \$ 2,095,841 |  | \$ 1,014,859        | \$ 3,110,700  |  |
| 10                         | 2025/2026   | \$ 177,841  | \$ 1,082,096 | \$ 835,904 | \$ 2,095,841 |  | \$ 1,053,441        | \$ 3,149,282  |  |
| 11                         | 2026/2027   |             |              |            |              |  | \$ 1,093,952        | \$ 1,093,952  |  |
| 12                         | 2027/2028   |             |              |            |              |  | \$ 1,136,490        | \$ 1,136,490  |  |
| 13                         | 2028/2029   |             |              |            |              |  | \$ 1,181,153        | \$ 1,181,153  |  |
| 14                         | 2029/2030   |             |              |            |              |  | \$ 1,228,051        | \$ 1,228,051  |  |
| 15                         | 2030/2031   |             |              |            |              |  | \$ 1,277,293        | \$ 1,277,293  |  |
| 16                         | 2031/2032   |             |              |            |              |  | \$ 1,328,997        | \$ 1,328,997  |  |
| 17                         | 2032/2033   |             |              |            |              |  | \$ 1,383,286        | \$ 1,383,286  |  |
| 18                         | 2033/2034   |             |              |            |              |  | \$ 1,440,290        | \$ 1,440,290  |  |
| 19                         | 2034/2035   |             |              |            |              |  | \$ 1,500,143        | \$ 1,500,143  |  |
| 20                         | 2035/2036   |             |              |            |              |  | \$ 1,562,990        | \$ 1,562,990  |  |
|                            |             |             |              |            |              |  | \$ 19,604,769       | \$ 33,309,131 |  |

10b – School Tax Capture – All Projects

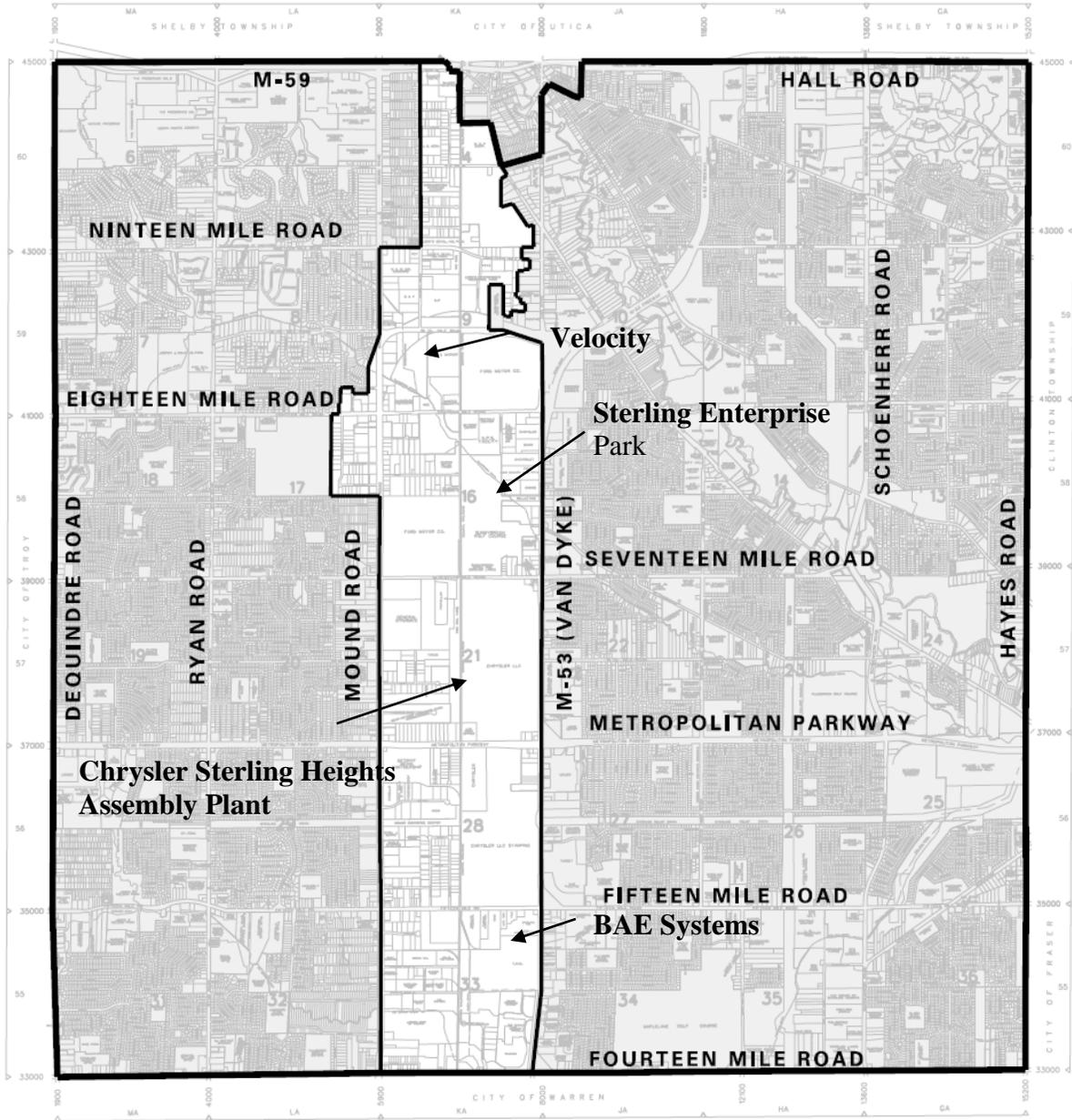
| School Capture All Projects |             |             |              |              |              |  |                     |              |  |
|-----------------------------|-------------|-------------|--------------|--------------|--------------|--|---------------------|--------------|--|
| Year                        | Fiscal Year | BAE Systems | FCA Paint    | FCA Body     | Total        |  | Sterling Enterprise | Total        |  |
| 1                           | 2016/2017   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 32,045           | \$ 570,553   |  |
| 2                           | 2017/2018   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 52,348           | \$ 590,857   |  |
| 3                           | 2018/2019   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 175,206          | \$ 713,715   |  |
| 4                           | 2019/2020   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 238,206          | \$ 776,715   |  |
| 5                           | 2020/2021   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 304,356          | \$ 842,865   |  |
| 6                           | 2021/2022   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 373,814          | \$ 912,323   |  |
| 7                           | 2022/2023   | \$ 84,241   | \$ 256,288   | \$ 197,979   | \$ 538,509   |  | \$ 446,744          | \$ 985,253   |  |
| 8                           | 2023/2024   | \$ 84,241   | \$ 256,288   | \$ 395,958   | \$ 736,488   |  | \$ 463,321          | \$ 1,199,809 |  |
| 9                           | 2024/2025   | \$ 84,241   | \$ 256,288   | \$ 395,958   | \$ 736,488   |  | \$ 480,727          | \$ 1,217,215 |  |
| 10                          | 2025/2026   | \$ 84,241   | \$ 256,288   | \$ 395,958   | \$ 736,488   |  | \$ 499,003          | \$ 1,235,491 |  |
|                             |             | \$ 842,412  | \$ 2,562,884 | \$ 2,573,727 | \$ 5,979,023 |  | \$ 3,065,771        | \$ 9,044,794 |  |

10c – SmartZone Extension – School Tax Capture – All Projects

| SmartZone Extension All Projects |            |             |            |            |               |  |                     |               |
|----------------------------------|------------|-------------|------------|------------|---------------|--|---------------------|---------------|
| Year                             | Fiscal Yea | BAE Systems | FCA Paint  | FCA Body   | Total         |  | Sterling Enterprise | Total         |
| 11                               | 2026/2027  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 518,193          | \$ 1,254,680  |
| 12                               | 2027/2028  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 538,342          | \$ 1,274,830  |
| 13                               | 2028/2029  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 559,499          | \$ 1,295,986  |
| 14                               | 2029/2030  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 581,714          | \$ 1,318,201  |
| 15                               | 2030/2031  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 605,039          | \$ 1,341,526  |
| 16                               | 2031/2032  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 629,530          | \$ 1,366,018  |
| 17                               | 2032/2033  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 655,247          | \$ 1,391,734  |
| 18                               | 2033/2034  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 682,249          | \$ 1,418,736  |
| 19                               | 2034/2035  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 710,601          | \$ 1,447,088  |
| 20                               | 2035/2036  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 1,365,535        | \$ 2,102,022  |
| 21                               | 2035/2037  | \$ 84,241   | \$ 256,288 | \$ 395,958 | \$ 736,488    |  | \$ 1,428,051        | \$ 1,093,952  |
| 22                               | 2035/2038  | \$ 84,241   | \$ 256,288 | 395958.02  | \$ 736,488    |  | \$ 1,493,693        | \$ 1,136,490  |
| 23                               | 2035/2039  | \$ 84,241   | \$ 256,288 | 395958.02  | \$ 736,488    |  | \$ 1,562,618        | \$ 1,181,153  |
| 24                               | 2035/2040  | \$ 84,241   | \$ 256,288 | 395958.02  | \$ 736,488    |  | \$ 1,634,988        | \$ 1,228,051  |
| 25                               | 2035/2041  | \$ 84,241   | \$ 256,288 | 395958.02  | \$ 736,488    |  | \$ 1,710,977        | \$ 1,277,293  |
|                                  |            |             |            |            | \$ 11,047,314 |  | \$ 14,676,275       | \$ 25,723,589 |

# Map 1

## Local Development Finance Authority District Technology Advancement SmartZone of Sterling Heights



### TECHNOLOGY ADVANCEMENT SMARTZONE OF STERLING HEIGHTS

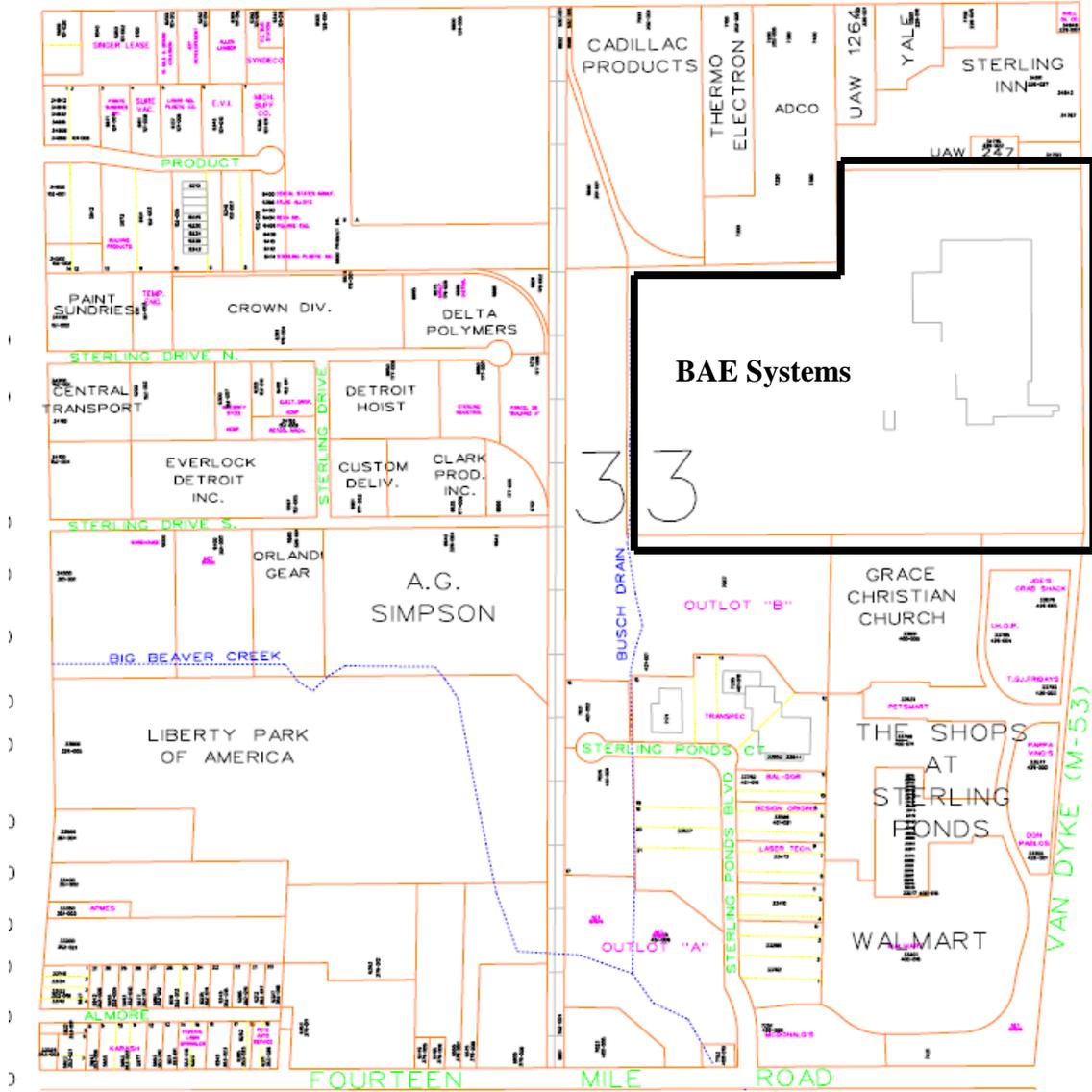


STERLING HEIGHTS, MICHIGAN



PREPARED BY  
ENGINEERING DEPARTMENT  
REVISED 7-24-07

**Map 2**  
**BAE SYSTEMS**  
34201 Van Dyke



**Map 3**  
Velocity  
6633 18 Mile Road



**Map 4**  
Chrysler Sterling Heights Assembly Plant

38111 Van Dyke Ave



**Map 5**  
Sterling Enterprise Park



**RATIFICATION AGREEMENT BY THE STATE TREASURER  
City of Sterling Heights SmartZone**

**WHEREAS**, the Michigan Legislature passed and the Governor signed Public Act 248 of 2000 to promote, *inter alia*, the development of high technology businesses throughout the State of Michigan; and

**WHEREAS**, the Michigan Economic Development Corporation ("MEDC") has been authorized by Public Act 281 of 1986, as amended, being MCL 125.2151 et seq. (the "Act"), to designate a certain number of areas within districts of a local development finance authority created under the Act as certified technology parks, by December 31, 2002; and

**WHEREAS**, Public Act 105 of 2008, amended the Act to allow for 3 additional SmartZones

**WHEREAS**, the MEDC, for strategic marketing purposes, has chosen to designate certain of the aforementioned certified technology parks as "SmartZones"; and

**WHEREAS**, the MEDC issued a Request for Proposals for SmartZone designation; and

**WHEREAS**, the MEDC received a proposal requesting designation as a certified technology park of certain area located within the jurisdictions of the City of Sterling Heights ("City"); and

**WHEREAS**, on December 16, 2008 the MEDC, the City of Sterling Heights, and the Sterling Heights Local Development Finance Authority ("LDFA") entered into an agreement ("SmartZone Agreement") which established a certified technology park in the City of Sterling Heights (CTP); and

**WHEREAS**, on December 1, 2009 the City and the LDFA approved a tax increment financing plan ("TIFP"), pursuant to the Act which contemplates, with respect to the CTP, the capture of fifty percent (50%), of the amounts levied by the State pursuant to the State Education Tax Act, Public Act 331 of 1993, being MCL 211.901 et seq. (the "State Education Tax"), and by local and intermediate school districts for a period of fifteen (15) years commencing with levies imposed on or after January 1, 2011 and concluding with levies imposed on or before December 31, 2025, (such levies from the CTP collectively referred to as the "State Capture"), on the basis of an initial taxable value determined as of December 31, 2008, for all purposes and in those amounts authorized under the Act by the TIFP; and

**WHEREAS**, the State Capture may be authorized under the Act to fund the costs of public facilities related to or for the benefit of eligible property located within the CTP if those public facilities have been included in the SmartZone Agreement and if the State Treasurer determines that the State Capture is necessary to reduce unemployment, promote economic growth, and increase capital investment in the City, and;

**WHEREAS**, the State Treasurer has made no determination of the validity, adequacy or sufficiency of the TIFP or the SmartZone Agreement for purposes of this ratification or compliance therewith or with the Act.

**NOW THEREFORE**, the State Treasurer makes the following determinations:

1. The State Capture is necessary to reduce unemployment, promote economic growth, and increase capital investment in the City subject to the following conditions:
  - a. The State Capture shall be determined from those ad valorem and specific tax levies by the State of the State Education Tax and by local and intermediate school districts that may be included as tax increment revenues under the Act and the TIFP. The State Capture shall be based upon the captured assessed value of all property that is identified within the CTP and included in the TIFP.
  - b. State Capture may be based upon up to 50% of the amounts levied by the State pursuant to the State Education Tax Act, Public Act 331 of 1993, being MCL 211.901 et seq., and by local and intermediate school districts. Tax increment revenues captured by the CTP may include State Capture for a period of fifteen (15) years commencing with levies imposed on or after January 1, 2011 and concluding with levies imposed on or before December 31, 2025, with captured assessed value calculated on the basis of an initial taxable value established on the basis of assessments made on December 31, 2008.
  - c. All costs of public facilities, as defined by section (aa)(v) of the Act, have been approved by the MEDC.
  - d. Except as provided by subdivision (e) below, the LDFA will not capture the TIFP other than those taxes comprising the State Capture for the purposes authorized under the TIFP and the SmartZone Agreement as in effect on the date of this Ratification.
  - e. This Ratification does not prohibit the LDFA from amending the TIFP to capture local non-educational taxes ("Local Taxes") for the purposes authorized under the TIFP and the SmartZone Agreement, provided that the LDFA may not capture Local Taxes and State Capture from any one parcel in an amount in excess of the total taxes assessed against such parcel, and provided further that the LDFA submit to the State Treasurer such documentation as the State Treasurer may deem necessary or appropriate to verify compliance with this subparagraph.

Approved on this 30th day of March, 2011.

BY: Andy Dillon  
Andy Dillon, State Treasurer



**L DFA Business  
Sterling Heights, Michigan  
2/16/16**

**AGENDA STATEMENT**  
OMB AS03 Rev. 11/04

**Item Title: To approve the Lease Agreement between Jetco and the Local Development Finance Authority (L DFA).**

**Submitted By: Kathryn Quell, Building Services Specialist**

**Executive Summary**

Attached for L DFA review is a synopsis of Jetco and a lease agreement commencing on February 1, 2016 between Jetco and the Local Development Finance Authority (L DFA) for space #1-D consisting of approximately 237 square feet at a rate of \$322.00/month.

**Suggested Action:**

**MOVED BY:**

**SECONDED BY:**

**RESOLVED: to approve the Lease Agreement between Jetco and the Local Development Finance Authority (L DFA).**

## Kathryn Quell

---

**From:** Larry Herriman [herriman@oakland.edu]  
**Sent:** January 29, 2016 4:44 PM  
**To:** Kathryn Quell  
**Subject:** FW: Space at Velocity for JetCo, LSI, and Shipley

**From:** Dustin Frigy (MEDC) [mailto:frigyd@michigan.org]  
**Sent:** Wednesday, January 27, 2016 4:02 PM  
**To:** [kquell@sterlingheights.net](mailto:kquell@sterlingheights.net)  
**Cc:** Larry Herriman <herriman@oakland.edu>  
**Subject:** Space at Velocity for JetCo, LSI, and Shipley

Kathryn,

The Michigan Defense Center, an operation of the Michigan Economic Development Corporation has been anchoring the Velocity Collaboration Center's Defense Wing since 2014. Our organization is committed to building and supporting our local economy by creating a clearer pathway to connect Michigan businesses to the defense industry, supporting them with the development resources, guidance and connections required to thrive. One of many support programs we administer to achieve our goals is the Proposal Writing Services Grant Program (PWSGP).

Michigan companies pursuing Department of Defense, Department of Homeland Security, and GSA Schedule contract opportunities could be eligible for up to \$10,000 in 1:1 match funding to support proposal preparation efforts with one of the pre-qualified proposal writing service providers. The process starts with an application submitted through a local PTAC office and then approved applicants are encouraged to contact the pre-qualified proposal writing service providers to determine which company is a fit for the opportunity.

We have identified three "pre-qualified proposal writing service providers" and they are:

**LSI** ([www.lsiwins.com](http://www.lsiwins.com)), Catherine Slatter, [cslatter@lsiwins.com](mailto:cslatter@lsiwins.com) or 810.643.8307;  
**JetCo** ([www.jetcosolutions.com](http://www.jetcosolutions.com)), Sue Tellier, [stellier@jetcosolutions.com](mailto:stellier@jetcosolutions.com) or 248.252.4773; and **Shipley Associates** ([www.shipleywins.com](http://www.shipleywins.com)), 801.544.9787. We believe it is beneficial for these companies to be in close proximity to our activities, and at the moment we want to express our support of JetCo's desire to move into the Velocity facility at a market-rate rental amount. So we ask that you please consider the preceding.

Dustin Frigy

Operations Manager, Michigan Defense Center  
**Michigan Economic Development Corporation**  
300 N. Washington Square | Lansing, MI 48913  
Mobile: 810.965.1300  
[frigyd@michigan.org](mailto:frigyd@michigan.org)

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**LEASE AGREEMENT**

This Lease Agreement ('Agreement'), dated January 23, 2016, is entered into between Jetco, ('Tenant'), the City of Sterling Heights Local Development Financing Authority, a local development financing authority, c/o City of Sterling Heights, whose address is 40555 Utica Road, P.O. Box 8009, Sterling Heights, Michigan 48311-8009 ('Landlord'),

**RECITALS**

A. Landlord owns the building ('Building') and property commonly known as 6633 18 Mile Road, Sterling Heights, Michigan 48314 (collectively referred to as the 'Property').

B. Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, Lab # 1-D in Section 1 of the Building, containing approximately 237 square feet as depicted on attached Exhibit A referred to as the 'Premises'.

Now therefore, in consideration of the Premises and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties hereby agree as follows:

1. *Premises.* Landlord leases to Tenant, and Tenant leases from Landlord, the Premises. Landlord also grants Tenant the non-exclusive use of common areas on the Property which include the reception area, designated conference rooms, restrooms, shipping and receiving area, hallways, driveways, roadways, parking areas, sidewalks, and exterior grounds, (the 'Common Areas').

2. *Term.* The term of this Agreement (the 'Term') shall commence on February 1, 2016, ('Commencement Date') and shall end on January 31, 2017,

3. *Rent.* Commencing on the Commencement Date and throughout the Term, Tenant shall pay monthly to Landlord, on or before the first day of each month, gross rent ('Rent') in the following amount:

| <u>Period</u>  | <u>Annual Rent</u> | <u>Monthly Rental Installments</u> |
|----------------|--------------------|------------------------------------|
| 2/1/16-1/31/17 | \$ 3863.00         | \$ 322.00                          |

Rent shall be pro rated for any partial months at the beginning or the end of the Term. Except as specifically provided in this Agreement to the contrary, Tenant shall not be obligated to pay Landlord any other amounts in connection with its use and occupancy of the Premises; the cost of all utilities and services is included in Rent, except as specifically provided in this Agreement to the contrary.

4. *Use.* The Premises shall be used for office use only, except for uses specifically approved in writing by Landlord. Tenant shall not use the Premises in any manner which is in violation of any federal, state, or local law, ordinance or regulation that relate to the use of the Premises. Tenant shall use the Premises in compliance with any established building and use restrictions imposed by the developer of the industrial park and any rules and regulations established by Landlord with respect to use of the Building and Property.

5. *Utilities and Services.*

A. Services. Landlord shall operate and maintain the Building in a manner in accordance with standards customarily followed in the operation of comparable office buildings in the Sterling Heights, Michigan area. Tenant shall have access to the Premises twenty-four (24) hours per day seven (7) days per week. Landlord shall furnish services and utilities, operate the Building's systems and have maintenance personnel available during customary business hours of the City, which are currently Monday-Friday, 8:30 a.m. - 5:00 p.m. ("Business Hours"), excluding holidays officially recognized by the City of Sterling Heights. Landlord shall provide Tenant with the following utilities and services, the cost of which shall be included in gross Rent, in accordance with the standards and specifications customarily followed in the operation of comparable buildings in the Sterling Heights, Michigan area: (i) hot and cold water for drinking, lavatories, toilets and drinking water in the Premises at all times; (ii) window washing of all windows in the Premises, outside only, weather permitting, at intervals to be determined by Landlord; (iii) parking spaces in the parking lot located adjacent to the Building; (iv) lighting of the parking lot and other Common Areas during evening hours; (v) landscaping of the exterior of Common Areas and building management services for the Premises; (vi) snow removal of parking lot and sidewalks in accordance with practices applicable to the City-owned facilities; (vii) utilities, including, but not limited to, gas, electric and other utilities necessary or appropriate for the operation of the Common Areas; (viii) heating, air-conditioning and ventilation ("HVAC") of the Premises and Common Areas during Business Hours whenever heat or air conditioning shall be reasonably required to maintain comfortable temperature and humidity. Tenant space janitorial and cleaning services can be coordinated with the Landlord at Tenants expense.

B. Tenant Services. Tenant shall be responsible for and shall pay for telephone to the Premises. Internet and data services are provided. If Tenant generates excessive amounts of trash or waste which requires special handling or disposal such as medical or other hazardous waste Tenant shall be responsible for disposal of such trash waste at its sole expense.

6. *Approvals.* Tenant shall be responsible for obtaining any required approvals and paying any applicable permit fees relating to its use and occupancy of the Premises.

7. *Maintenance.* During the Term of this Agreement, Landlord, at Landlord's sole cost and expense, shall perform all maintenance, repairs and replacements relating to the Common Areas, roof, building footings, foundations, walls, the building skeleton, bearing columns, interior bearing walls, floor slabs, structural elements, underground utility and sewer pipes, driveways, parking lots, fire protection sprinkler system, all exterior painting (at reasonable intervals), mechanical, plumbing, electrical, and HVAC systems serving the

Premises. Landlord agrees that it will use reasonable efforts to cause any such work to be performed in a manner minimizing interference with Tenant's business and use of the Premises. Except as provided above, Tenant shall keep and maintain the Premises in good order and repair.

8. *Condition of Premises.* Tenant acknowledges and agrees that Tenant accepts the Premises in an "as is" condition, with no obligation on the part of Landlord to improve, cause to be improved or pay Tenant to improve the Premises, or any part of them. Tenant shall not be permitted to make any improvements or alterations to the Premises during the Term.

9. *Relocation of Business.* In consideration of the benefits which Tenant receives as a result of its occupancy of the Leased Premises within the Building, Tenant agrees to contact the City's Economic Development Manager not less than 45 days prior to the date that it intends to vacate the Premises to see whether the City can assist Tenant in finding a suitable location to operate its business.

10. *Insurance and Indemnity.*

A. Indemnification. Subject to waiver of subrogation in Paragraph 17, Tenant and its respective successors and assigns agrees to defend, indemnify and hold harmless Landlord, and its respective successors and assigns, from and against any and all costs, losses, claims, liabilities, fines, expenses, penalties, and damages (including reasonable legal fees) in connection with or resulting from any injury or damage to the Premises or third parties caused by Tenant or its employees, agents or invitees during the Term.

B. Landlord's Insurance. Throughout the Term, Landlord shall, at its sole cost and expense, maintain insurance insuring: (i) the Building and other improvements located upon the parcel or parcels on which the Building is located (the "Land"), against loss or damage by fire, lightning, wind storm, hail storm, aircraft, vehicles, smoke, explosion, riot or civil commotion as provided by the Standard Fire and Extended Coverage Policy and all other risks of direct physical loss as insured against under Special Form ("all risk" coverage). The insurance coverage shall be for not less than one hundred percent (100%) of the full replacement cost of such improvements with agreed amount endorsement and building ordinance coverage; and (ii) Landlord from all claims, demands or actions made by or on behalf of any person or persons, firm or corporation and arising from, related to or connected with the Building, the Land or the Premises, for bodily injury to or personal injury to or death of any person, or more than one person, or for damage to property in an amount of not less than \$2,000,000.00 combined single limit per occurrence/aggregate. Landlord may elect to satisfy this obligation through an established self-insurance program operated by the City of Sterling Heights.

C. Tenant's Insurance. Tenant shall maintain the following insurance in force at all times during the Initial Term and any Renewal Term(s) of this Lease, with an "A" rated Best insurance carrier acceptable to the Landlord. It is agreed that Tenant shall name Landlord, City of Sterling Heights including all elected and appointed officials, all of their employees and volunteers, all boards, commissions and/or authorities and board members, including employees and volunteers, as an "Additional Insured" under each separate policy of

insurance scheduled below, in a form of endorsement to the policies approved by the Landlord in writing.

| <u>Policy</u>                                   | <u>Minimum Limits</u>                              |
|---|--|
| <u>      </u> (a) Workers' Compensation         | Statutory  |
| <u>  X  </u> (b) Commercial General Liability   |  |
| (1) Bodily Injury Liability                     | \$300,000 each person<br>\$300,000 each occurrence |
| (2) Property Damage Liability                   | \$300,000 each occurrence                          |
| <u>      </u> (c) Business Automobile Liability |  |
| (1) Bodily Injury Liability                     | \$300,000 each person<br>\$300,000 each occurrence |
| (2) Property Damage Liability                   | \$300,000 each occurrence                          |
| <u>  X  </u> (e) Employer's Liability Insurance | \$300,000 each occurrence                          |

Note: Commercial General Liability to include, but not limited to:

- i) Contractual obligations;
- ii) Negligent hiring.

These coverages and limits are to be considered minimum requirements under this Lease and shall in no way limit the liability or obligations of Tenant under this Lease.

Tenant shall cause all policies to include an endorsement to the effect that the policies shall not be modified, canceled or terminated without thirty (30) days prior written notice to Landlord, as well as the requirement that the insurance carrier immediately notify Landlord when fifty percent (50%) of any aggregate limits on any of the above-require policies have been reached. In case of termination of coverage, Tenant shall provide evidence of new insurance at the earliest possible date, but not later than ten (10) days prior to the termination of the original policy. Tenant shall provide the insurance before the commencement of the Term of this Lease and prior to the beginning of each lease renewal term. Moreover, Tenant agrees to notify Landlord immediately of any claim arising pursuant to such policies.

Tenant shall not commence operations under this Lease until Tenant has obtained all insurance stated in these requirements, all insurance has been reviewed by Landlord, and certificates of such insurance have been made available to Landlord.

D. Form of Insurance. All of the aforesaid insurance policies shall be issued by companies with a Best financial quality rating of A- or better and a financial size rating of XII or better. Certificates of the insurance for the policies required to be carried under the Lease on City Form 2021, together with satisfactory evidence of payment of the premiums thereon, shall be deposited by Tenant with the Landlord.

11. Casualty and Condemnation. In the event any part of the Premises is damaged by fire or other casualty or taken under the power of eminent domain by any legally constituted authority (each a "Taking Event"), then Landlord and Tenant shall each have the right to

terminate this Agreement. Such termination shall be without prejudice to the rights of Landlord to recover compensation from the condemning authority for any loss or damage caused by such condemnation. Tenant shall have the right to make its own claim for any separate award that may be made by the condemning authority for Tenant's loss of business or on account of any costs or loss Tenant may sustain in the removal of Tenant's trade fixtures, equipment, or other removable personal property. In the event this Agreement is not terminated in accordance with this Paragraph, then Landlord shall restore the Premises to its substantial condition existing prior to the Taking Event with reasonable dispatch by and at the sole cost and expense of Landlord, provided, however, that Landlord shall not be obligated to expend any funds beyond the amount of the insurance or condemnation proceeds received as a result of such Taking Event. During the period beginning as of the date of the Taking Event and ending on the date of substantial completion of Landlord's restoration of the Premises, Rent shall be abated proportionately based on the portion of the Premises rendered unfit for Tenant's use.

12. *Assignment and Subletting.* Tenant shall have no right to sublet the Premises or assign its interest in this Agreement or in the Premises. Notwithstanding the foregoing, Tenant may, without Landlord's consent, assign this Lease all or any portion of Premises to any business entities directly or indirectly, controlling, controlled by or under common control with Tenant, or to successors to Tenant by merger, consolidation, realignment, reorganization or purchase of Tenant, or to a purchaser of all or substantially all of the assets of Tenant used in the operation of Tenant's business at the Premises.

13. *Default.* If any default, breach or failure of performance by Tenant of any agreement, covenant, condition, provision or warranty contained herein continues after written notice by the Landlord, (a) in case of failure to pay Rent, additional rent or other payments required hereunder for more than ten (10) days, or (b) in any other case for more than thirty (30) days; or if Tenant abandons the Leased premises during the term hereof; or if Tenant makes any assignment for the benefit of creditors, or files a petition under any bankruptcy or insolvency law now or hereafter in effect and if such a petition filed against Tenant is not dismissed within sixty (60) days, or if such leasehold is taken on execution or other process of law in any action against Tenant, then in any such case, whether or not the term shall have begun, the Landlord may immediately, or at any time while such default exists and without further notice, terminate this Lease by notice to Tenant, specifying a date not less than ten (10) days after the giving of such notice on which this Lease shall terminate and this were the date herein originally fixed for the expiration of the Term, and Tenant will then quit and surrender the Leased premises to the Landlord, but the Tenant shall remain liable as hereinafter provided. In the event that this Lease is terminated under any of provisions contained in section 13, the Tenant covenants after any such ending to immediately pay to the Landlord an amount equal to the rent due for the remainder of the Lease term. Nothing contained in this Lease shall, however, limit or prejudice the right of the Landlord to prove for and obtain in proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be provided, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

14. *Surrender.* On or before the expiration of the term of this Lease, Tenant shall vacate and deliver possession of the Premises to Landlord, in good order and condition, reasonable wear and tear, damage by casualty, condemnation and the acts and omissions of Landlord and Landlord's employees, agents and contractors excepted.

15. *Notices.* All notices or demands required or permitted to be given or served pursuant to this Lease shall be in writing (except as otherwise expressly provided herein) and shall be deemed to have been given or served when received or refused, if sent by United States registered or certified mail, postage prepaid, or by nationally recognized overnight courier, and addressed to either party at the following addresses:

Landlord:

Sterling Heights Local Development Authority  
City of Sterling Heights  
40555 Utica Rd.  
Sterling Heights, MI 48311-8009  
Attn: LDFA Liason

with a copy to:

O'Reilly Rancilio P.C.  
12900 Hall Rd., Ste. 350  
Sterling Heights, MI 48313  
Attn: Clark A. Andrews, Esq.

Tenant:

Jetco  
6633 Eighteen Mile Road  
Sterling Heights, MI 48314  
Attn: John Tellier  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

Such addresses may be changed from time to time by either party by serving notice as above provided.

16. *Bankruptcy.* If Tenant shall file a petition in voluntary bankruptcy or be voluntarily or involuntarily adjudicated bankrupt or insolvent, or shall make an offer of composition to its creditors, or shall make an assignment for the benefit of creditors, or shall file a petition or answer seeking reorganization or readjustment under the federal bankruptcy laws or any other law or statute of the United States or any state thereof, or if a receiver or trustee shall be appointed for Tenant or for all or a substantial part of the property of Tenant and Tenant is not released from such receiver or trustee within thirty (30) days after appointment, or if an order shall be entered approving the reorganization of Tenant or the readjustment of Tenant's debts or

obligations under the federal bankruptcy laws or any other law or statute of the United States or any state thereof, then any of such events shall be deemed to be a breach, default and anticipatory breach of this Lease. In any of such events and whenever and as often as any such failure, default, breach or anticipatory breach shall occur, the term hereof, at the option of Landlord, shall cease and determine and from thenceforth it shall be lawful for Landlord to re-enter into and repossess the Leased Premises situated thereon and Tenant and each and every occupant to remove and put out and to relet said Leased Premises for his own benefit; but reserving to Landlord all such rights as he may have for damages or otherwise because of said default, breach or anticipatory breach of Tenant.

17. *Waiver of Subrogation.* Notwithstanding anything in this Lease to the contrary, whenever (a) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the parties to this Lease, or anyone claiming by, through, or under it in connection with the Premises and (b) such party is then covered in whole or in part by insurance with respect to such loss, cost, damage or expense or would have been covered if such party carried the insurance required under this Lease, then the party so insured or insurable releases the other party from any liability said other party may have on account of such loss, cost, damage or expense to the extent of any amount recovered by reason of such insurance (or which could have been recovered had such insurance been carried) and waives any right of subrogation which might otherwise exist in or accrue to any person on account thereof.

18. *Indemnification.* Except to the extent caused by the willful negligence or willful misconduct of the Landlord, Tenant shall indemnify, defend and hold Landlord, its members, the City of Sterling Heights, its elected and appointed officials, their administrators, employees, agents, volunteers and invitees harmless from and against any and all claims, counter-claims, suits, debts, demands, actions, judgments, liens, liabilities, costs, expenses, including actual attorneys fees and actual expert witness fees, arising out of or in connection with Tenant's use and occupancy of the Leased Premises, from the acts or omissions of Tenant, its agents, representatives, employees, tenants, licensees, invitees, and/or from Tenant's violation of any of the terms of this Lease.

19. *Environmental Warranty and Indemnification.* Tenant represents, warrants and covenants to Landlord that Tenant's use of the Leased Premises and its activities on the Leased Premises shall comply with all "Environmental Laws," which, for purposes of this lease, shall mean all federal, state and local environmental laws, including, but not limited to, the Hazardous Materials Transportation Act, (47 USC §§ 1801 *et seq.*), Federal Water Pollution Control Act (33 U.S.C. §§ 1251 *et seq.*) ("Clean Water Act"), the Resource Conservation & Recovery Act (42 U.S.C. §§ 6901 *et seq.*) ("RCRA"), Safe Drinking Water Act (42 U.S.C. §§ 300f-j-26), Toxic Substances Control Act (15 U.S.C. §§ 2601 *et seq.*), Clean Air Act (42 U.S.C. §§ 7401 *et seq.*), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §§ 9601 *et seq.*) ("CERCLA"), the Emergency Planning and Community Right to Know Act, 42 U.S.C. §§ 11001 *et seq.* ("EPCRA"), the Michigan Natural Resources and Environmental Protection Act (MCL § 324.101 *et seq.*) the administrative rules and regulations promulgated under such statutes, or any other similar federal, state or local law or administrative rule or regulation of similar effect, each as amended and as in effect and as adopted as of the date of execution of this Lease.

Tenant shall immediately and promptly notify Landlord of any release, discharge, spill or emission of Hazardous Substances on, to or from the Leased Premises, and any complaint, summons, citation, notice, directive, order, claim, litigation, judicial or administrative proceeding, inquiry or investigation judgment, letter or other communication from any governmental agency, department, bureau, office or other authority, or any third party involving violations of Environmental Laws with respect to the Leased Premises.

Tenant agrees to indemnify, defend and hold harmless Landlord, its successors, assigns, the City of Sterling Heights, its elected and appointed officials, administrators, employees, agents, from and against any and all fines, charges, penalties, losses, costs, damages, liabilities, cleanup or response activity costs and/or expenses (including reasonable attorneys' fees and actual consultants' fees) incurred by Landlord as a result of any claims, demands, actions, causes of action, suits, proceedings, investigations, assessments and audits, whether of law or in equity (collectively "Claims") attributable to (a) any third party claim or demand in connection with any Hazardous Substances generated, stored, leaked, spilled, discharged, emitted, or otherwise disbursed, in, on, under, above or about the Leased Premises or the Property, or violation of any Environmental Laws, from and after the date of this Lease; (b) injuries sustained or other tort actions brought for Claims arising out of or related to any Hazardous Substances; (c) the presence, disposal (including off-site disposal), escape, leakage, discharge, emission, release or threatened release of any Hazardous Substances in, on, under, above, from or about the Leased Premises or the Property; and (d) compliance with any administrative notice, order, request or demand relative to any Hazardous Substances on the Leased Premises or violation of any Environmental Laws.

Tenant's indemnification described above specifically includes, but is not limited to, the direct obligation of the Tenant to promptly perform any remedial or other activities required or ordered by any administrative agency or government official, or are otherwise necessary to avoid injury or liability to any person or property, to prevent the spread of any pollution and/or contamination, or to permit the continued safe use of the Leased Premises.

20. *Mechanics' Liens.* Tenant shall keep the Building, its improvements, and the Property, or addition of equipment or fixtures free and clear of all mechanics' liens resulting from any approved construction done by or for Tenant.

21. *Holding Over.* Any holding over by Tenant after the expiration or termination of this Lease, without the written consent of Landlord, shall be construed to be a tenancy from month to month and the Rent and Additional Rent to be paid by Tenant shall be at 2.5 times the Rent then in effect, as determined by Landlord in its sole discretion. Acceptance by Landlord of such payments after such expiration or termination shall not constitute a renewal of this Lease. This provision shall not operate as a waiver of Landlord's right to re-entry or any other right of Landlord, and Tenant shall be a Tenant at sufferance only during the period of any such holding over without the consent of Landlord.

22. *Taxes and Special Assessments.* If the Leased Premises, Building, Property or Equipment are placed on the tax assessment rolls based upon Tenant's usage, then any real estate

taxes, personal property taxes, other applicable taxes and/or special assessments assessed or levied against the Premises, Building, Property or equipment during the Term of this Lease shall be solely borne by Tenant as further Additional Rent.

23. *No Waiver.* The failure of either party to enforce any covenant or condition of this Lease shall not be deemed a waiver thereof or of the right of either party to enforce each and every covenant and condition of this Lease. No provision of this Lease shall be deemed to have been waived unless such waiver is in writing.

24. *Prohibitions.* The following general types of activities shall be prohibited within the Building or on the Property:

A. When the purpose of such use is to promote activities subversive to the laws of the United States or any subdivision thereof, or to overthrow the government of the United States, or supporting doctrines of violence, hatred, and/or discrimination.

B. Any activity that may violate the canons of good morals, manners or taste, or be injurious to the buildings, facilities, grounds or equipment, or interfere with the programs, activities or operations of the Landlord.

C. Any political forum that is not made available to all sides of an issue on an equitable basis and political campaign activities such as collection and/or solicitation of campaign funds, solicitations for campaign workers, and distribution of political campaign advertisement.

D. No alcoholic beverages (unless an Alcohol Beverage Agreement has been executed for a specific event), illegal drugs, or controlled substances are permitted in or around the Building or upon any Landlord property.

E. Activities that block fire doors, means of egress, block or tamper with any fire protection apparatus.

F. Smoking or use of tobacco products in the Building is prohibited. Smoking shall also be prohibited on any city-owned property within 25 feet of entries, outdoor air intakes, and operable window.

G. The Leased Premises are made available with the understanding that direct payment to Landlord employees is not permitted. Employees shall not accept under any circumstances direct payments in lieu of fees, labor charges, or other services.

H. Guns, weapons or guard dogs (except dog guides assisting blind individuals) are not allowed in the Building or upon the Property without prior written permission from the City of Sterling Heights City Manager, or their designees. (Governmental law enforcement officers are exempt; private security guards are not exempt.)

I. Signs or other materials may not be posted without the approval of the Landlord.

J. Subleasing or shared used (not authorized by Landlord in writing) is prohibited.

25. *Miscellaneous Provisions.* The following miscellaneous provisions shall form a part of this Lease:

A. Tenant agrees to supervise its employees during use of the Building and/or Leased Premises.

B. Tenant agrees to adhere to energy conservation practices adopted by Landlord or the City of Sterling Heights.

C. The parties to this Lease agree that no employees, volunteers, agents and personnel of either party shall be considered to be employees of the other, and acknowledge that this Lease does not create a partnership or joint venture between them.

D. This Lease shall be construed and interpreted in accordance with the laws of the State of Michigan.

E. This Lease contains all of the agreements of the parties and cannot be amended or modified except by a mutual written agreement.

F. The captions of this Lease shall have no effect on its interpretation.

26. *Brokers.* Landlord and Tenant hereby represent and warrant to one another that neither party nor their respective managers, officers or agents nor anyone acting on their behalf has dealt with any real estate broker in the negotiation or making of this Lease, and both Landlord and Tenant agree to indemnify and hold one another harmless from the claim or claims of any broker or brokers claiming to have caused the parties to enter into this Lease.

27. *Binding Effect.* This Lease shall be binding upon and shall inure to the benefit of the parties and their respective beneficiaries, successors and assigns.

28. *Governing Law.* This Lease shall be governed by and construed under the laws of the State of Michigan.

29. *Arbitration.* Any controversy or claim between the parties arising out of or relating to this Lease or a breach thereof (other than a dispute regarding or a claim for non-payment of Rent) shall be settled by arbitration in Macomb County, Michigan under the Commercial Arbitration Rules of the American Arbitration Association ("AAA") and shall be administered by the AAA. In no such event shall a demand for arbitration be made after the date when legal or equitable proceedings based upon such controversy or claim would be barred by the applicable statute of limitations. Any arbitration hearing conducted pursuant to this Agreement shall be held in Macomb County, Michigan. The arbitrator(s) shall issue a written statement specifying the reasons for the award, which shall be final and binding on both parties, and in such format that judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The arbitrator(s) (a) shall have the authority to award

injunction relief or to direct specific performance, if warranted, and (b) shall not have the authority to award punitive or consequential damages. Each party shall bear its own attorneys' fees, witness fees, and other costs in preparing and presenting its position at arbitration. The fee of the arbitrator, however, shall be borne and paid by the party not substantially prevailing in the matter arbitrated, as specifically so determined by the arbitrator.

30. *Subordination; Landlord's Lien Waiver.* This Lease shall be subordinate to any mortgage, deed of trust, hypothecation or other security device which encumbers the Building or any ground or underlying lease which is intended to be superior to this Lease ("Security Device") provided that Landlord provides to Tenant from the holder of such Security Device a subordination, non-disturbance and attornment agreement reasonably acceptable to Tenant. Landlord hereby waives and releases all liens, right of distraint or security interests (whether arising by statute or at common law) in all property, chattels or merchandise which may be placed in the Premises and also upon all proceeds of insurance which may accrue to Tenant by reason of damage to or destruction of any such property, chattels or merchandise.

31. *Quiet Enjoyment; Entry into the Premises.* Landlord covenants that so long as Tenant is not in default hereunder after the expiration of any applicable cure periods under this Lease, Tenant shall have quiet and peaceful possession and enjoyment of the Premises and shall not be interfered with by Landlord, or any party claiming by, through or under Landlord or any party claiming title superior to Landlord. Notwithstanding the foregoing, Landlord and Landlord's representatives shall be permitted to enter the Premises during Business Hours and upon forty-eight (48) hours prior oral notice (except in the case of emergency, in which case notice reasonable under the circumstances shall suffice). During any entry into the Premises by Landlord or Landlord's representatives (except in case of emergency), at Tenant's option, a representative of Tenant shall accompany Landlord and/or Landlord's representatives through the Premises at all times.

32. *Attorneys' Fees.* All reasonable attorneys' fees, including actual expenses and court costs, incurred by the prevailing party to enforce the terms of this Lease against the non-prevailing party shall be paid by the non-prevailing party.

33. *Counterparts.* This Lease may be executed in any number of counterparts and by each of the undersigned on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

34. *Option.* Provided Tenant is not then in default, Tenant shall have and is granted two options to extend the term of the Lease for a period of one (1) year at a mutually agreeable rental rate. The option granted by this provision shall be exercised by notice by Tenant in writing to the Landlord not less than thirty (30) days prior to the expiration of the then current term and agreement in writing as to a rental rate. All of the terms and conditions of the original lease shall remain in full force and effect during such extended term except for the rental rate.

[Signatures follow on next page]

The parties have duly executed this Agreement pursuant to proper authority duly granted, as of the dates set forth below.

LANDLORD:

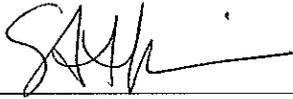
City of Sterling Heights Local Development  
Financing Authority

By: \_\_\_\_\_

Its:

Dated: \_\_\_\_\_

TENANT:

  
\_\_\_\_\_

By: Susan Tellier

Its: Vice President

Dated: 1/23/2016

# EXHIBIT A

## Location of the Premises (Floor Plan)

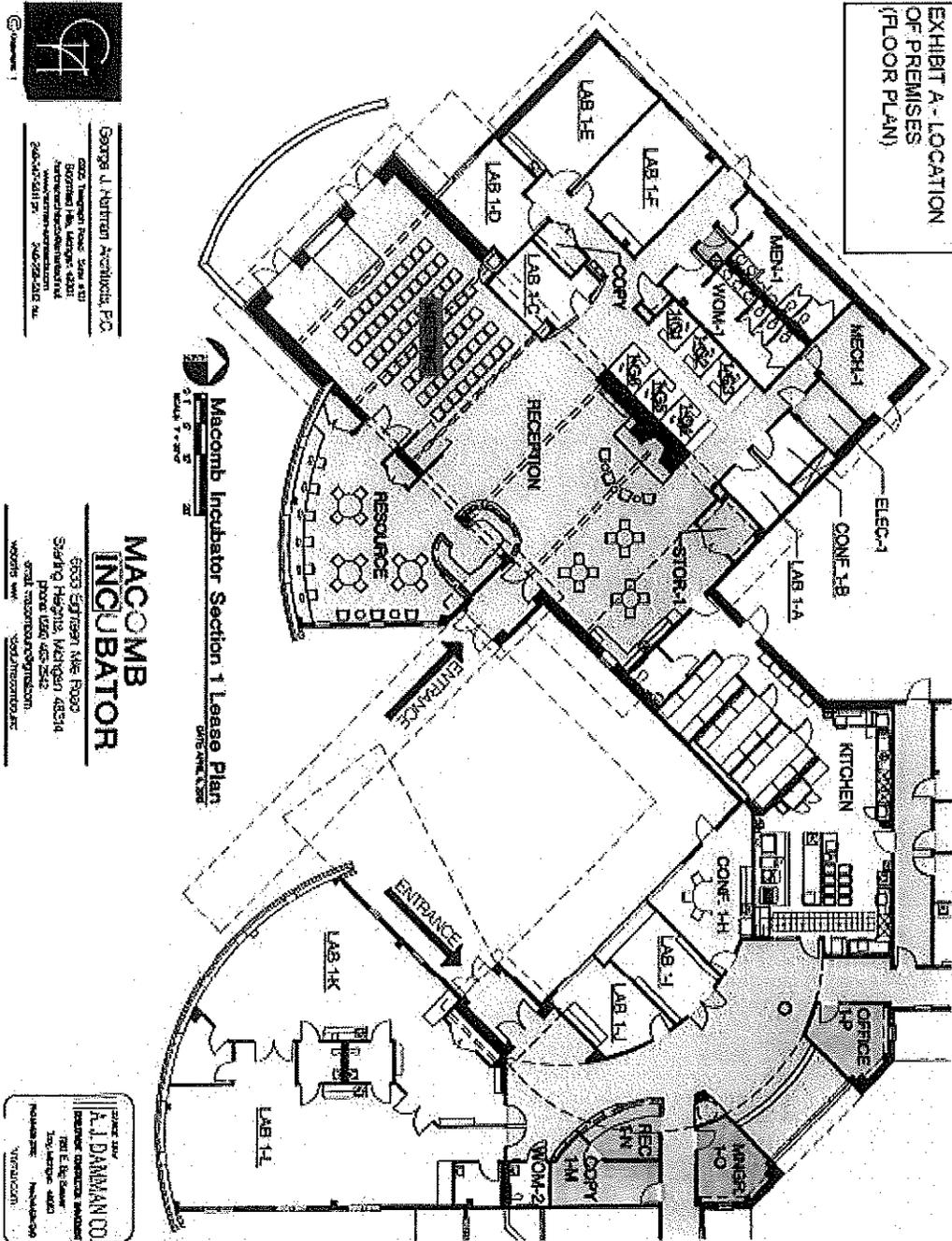
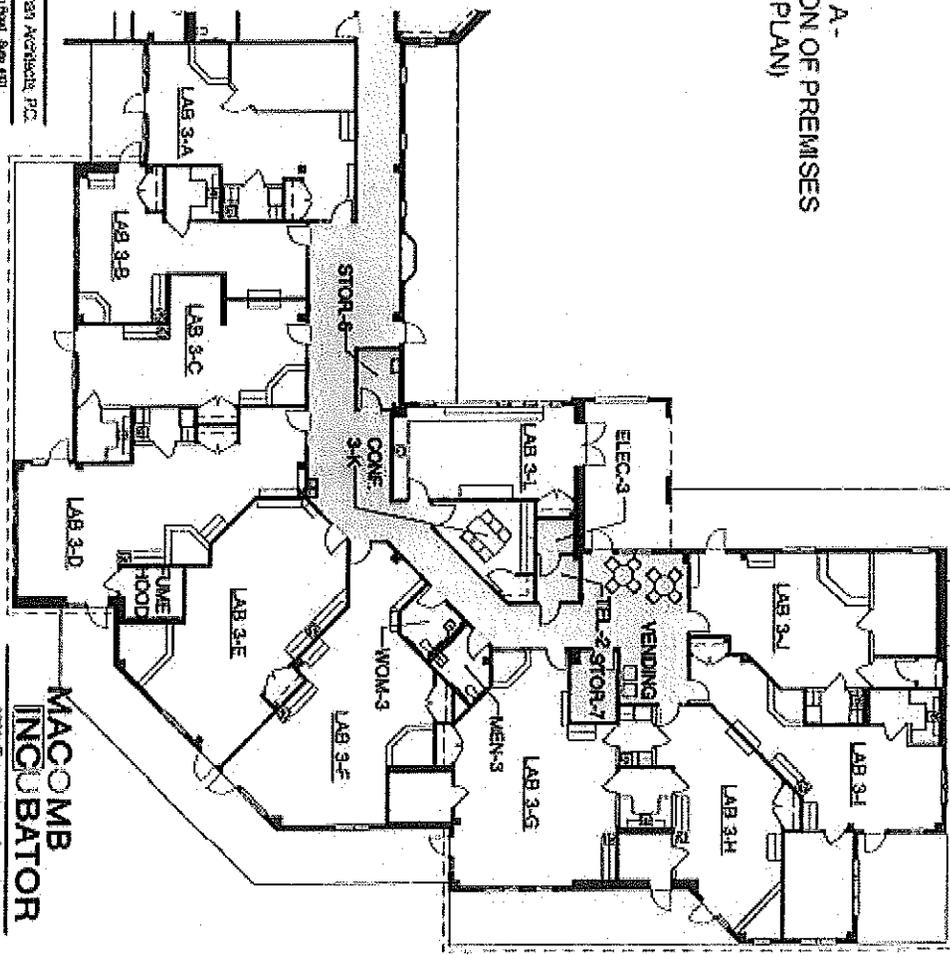




EXHIBIT A -  
LOCATION OF PREMISES  
(FLOOR PLAN)



**George J. Herbig Architects, P.C.**  
 2208 Jackson Road, Suite 401  
 Grand Rapids, Michigan 49503  
 Phone: 616.451.1000  
 Fax: 616.451.1001  
 www.gjha.com



**Macomb Incubator Section 3 Lease Plan**  
 5503 Snyder Ave. SE  
 Grand Rapids, MI 49508

**MACOMB INCUBATOR**  
 5503 Snyder Ave. SE  
 Grand Rapids, Michigan 49508  
 Phone: 616.451.1000  
 Fax: 616.451.1001  
 www.macombincubator.com

**A. J. DAVANAN CO.**  
 240 E. 5th Street  
 Grand Rapids, MI 49503  
 Phone: 616.451.1000  
 Fax: 616.451.1001  
 www.ajd.com



**LDFFA Business  
Sterling Heights, Michigan  
2/16/16**

**AGENDA STATEMENT**  
OMB AS03 Rev. 11/04

**Item Title:** To approve the Month-to-Month Lease Agreement Renewal between Linked, LLC and the Local Development Finance Authority (LDFFA).

**Submitted By:** Kathryn Quell, Building Services Specialist

**Executive Summary**

Attached for LDFFA review is a month-to-month lease agreement renewal commencing on March 1, 2016 between Linked, LLC and the Local Development Finance Authority (LDFFA) for space #3-C consisting of approximately 652 square feet at a rate of \$744.00/month.

**Suggested Action:**

**MOVED BY:**

**SECONDED BY:**

**RESOLVED:** to approve the Month-to-Month Lease Agreement Renewal between Linked, LLC and the Local Development Finance Authority (LDFFA).

## LEASE

THIS LEASE is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the City of Sterling Heights Local Development Financing Authority, a local development financing authority, c/o City of Sterling Heights, whose address is 40555 Utica Road, P.O. Box 8009, Sterling Heights, Michigan 48311-8009 (hereinafter called "Landlord"), and Linked, LLC whose address is 6633 Eighteen Mile Road, Sterling Heights, MI 48314 (hereinafter called "Tenant").

IT IS MUTUALLY COVENANTED AND AGREED by and between the parties hereto as follows, to wit:

### 1. SUMMARY OF LEASE TERMS.

The following is intended to summarize the principal terms of this Lease, and is not intended to be all inclusive. In the event that anything in this Section 1 conflicts with other specific provisions of this Lease, the latter shall be deemed to control in the absence of express statements otherwise:

A. Premises:

Lab # 3C in Section 3 consisting of 652 rentable square feet.

B. Lease Term:

Commencement: As set forth in Section 3 of this Lease.

Term: Month to month

C. Monthly Fixed Rate:

Monthly Fixed Rental: \$744.00

D. Security Deposit:

\$ 598.00 paid 5/14/15

### 2. PREMISES.

Landlord owns the building and real property commonly known as 6633 18 Mile Road, Sterling Heights, Michigan 48314. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the following described premises situated in the City of Sterling Heights, County of Macomb, and State of Michigan, as shown on the floor plan attached hereto as Exhibit A (said premises hereinafter called the "Premises"). Landlord also grants Tenant the non-exclusive use of common areas on the property which include the reception area, designed conference rooms,

restrooms, shipping and receiving area, hallways, driveways, roadways, parking areas, sidewalks, and exterior grounds (the "Common Areas").

Tenant does hereby accept the Premises in its current condition.

**3. TERM AND COMMENCEMENT DATE.**

The term of this Lease shall be month-to-month commencing from and after March 1, 2016, 2016 (the "Commencement Date"). This Lease shall be terminable by either party on one month's written notice, except as otherwise provided by law or in this Lease.

In the event Landlord fails to deliver the Premises on the Commencement Date because the Premises are not then ready for occupancy, or for any other cause whatsoever, Landlord shall not be liable to Tenant for damages as a result of Landlord's delay in delivering such Premises, and the Commencement Date of the Lease shall be postponed until such time as the Premises are ready for Tenant's occupancy and the termination date of this Lease shall be extended for a period equivalent to the period of such postponement provided such postponed termination date shall occur on the last day of a calendar month if not, then such termination date shall be extended by an additional period so as to fall on the last day of such calendar month in which it would otherwise occur. It is agreed that by occupying the Premises as a tenant, the Tenant formally accepts the same and acknowledges that the Premises are in the condition called for hereunder.

**4. FIXED AND ADDITIONAL RENT.**

The Tenant shall pay to the Landlord, without notice or demand and without abatement, deduction, or set-off, in lawful money of the United States, fixed rent at the monthly rate of (\$ 744.00 ) Dollars, in advance on the first day of each calendar month, at the office of the Landlord or at such other place as the Landlord may designate. The Tenant shall pay to the Landlord the first month's rent on the execution and delivery of this Lease, the receipt of which is hereby acknowledged. If the obligation to pay rent commences on any day of the month other than on the first, the fixed rent for the unexpired portion of such month shall be prorated and paid on a per them basis and the Landlord shall credit the difference, if any, toward the payment of the rent for the next succeeding calendar month.

**5. TENANT'S COVENANTS.**

A. Tenant Use:

Tenant does hereby covenant and agree with said Landlord that it will, throughout the term of this Lease, use said Premises only in a careful and proper manner for

purposes specifically approved by Landlord in writing and for no other purpose and not commit any waste therein, nor at any time use or occupy the Premises in violation of the Certificate of occupancy or like certificate issued and not perform acts or carry on any practices which may injure the property or the Premises, or be a nuisance or menace to other tenants in the building in which the Premises are a part.

B. Compliance with Law and Regulation:

Tenant does hereby covenant and agree with Landlord that it will, throughout the term of this Lease,, conform to and obey all present and future laws and ordinances, and all rules, regulations, requirements and orders of all governmental authorities or agencies respecting the Premises. Tenant shall pay as additional rent all costs, expenses, fines, penalties or damages, which may be imposed upon Landlord by reason of Tenant's failure to comply with the provisions of this section.

C. Loading:

Tenant does hereby covenant and agree with Landlord that it will, throughout the term of this Lease, not place a load upon any floor of the Premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such installations shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient in Landlord's judgment, to absorb and prevent vibration, noise and annoyance.

D. Assignment and Subletting:

Tenant does hereby covenant and agree with Landlord that it shall not assign this Lease or any rights hereunder or hypothecate or mortgage the same, nor sublet the Premises or any part thereof without the prior written consent of Landlord. Such assignment, hypothecation, mortgage, or subletting not previously consented to by Landlord in writing shall constitute a default hereunder. Tenant shall pay as additional rental reasonable, legal and other expenses incurred by Landlord in connection with any request by Tenant for consent to assignment or subletting. No assignment or subletting shall affect the continuing primary liability of Tenant which following the assignment shall be joint and several with the assignee or sublessee.

E. Alterations by Tenant:

Tenant does hereby covenant and agree with Landlord that it shall make no structural alterations or additions, nor shall Tenant make any interior finish additions and/or changes in or to said Premises without the prior written consent of Landlord. All alterations, additions or improvements made by either the Landlord or Tenant upon the Premises, except movable office furniture and trade fixtures of the Tenant, shall be the property of the Landlord and shall remain upon and be surrendered with the Premises at the expiration of this Lease.



F. Permit Landlord to Enter:

Tenant does hereby covenant and agree with Landlord that it shall permit the Landlord to enter upon the Premises at all reasonable times to show the same to prospective purchasers, mortgagees and tenants.

G. Rules and Regulations:

Tenant does hereby covenant and agree with Landlord that it shall abide by the building rules and regulations, attached hereto as Exhibit B, or any reasonable modifications or additions thereto made by Landlord during the term of this Lease which are equally applicable to all tenants of the Premises.

H. Tenant's Duty to Repair:

Tenant does hereby covenant and agree with Landlord that it shall, at its expense, keep the interior of the Premises in good condition, reasonable wear-and-tear excepted, and make all non-structural repairs to the Premises as and when needed, to preserve them in good condition, damage from fire or other casualty insured by Landlord and normal wear-and-tear excepted. Tenant shall also repair all damage or injury to the Premises caused by the moving of Tenant's fixtures, furniture or equipment, or resulting from the carelessness, omission, neglect or other cause of the Tenant, its servants, employees, agents, visitors or licensees. Such damage shall be promptly repaired or replaced by Tenant, at its sole expense and such repairs shall be of a quality or class equal to the original construction. If Tenant fails to make such repairs or replacements, Landlord may, but shall not be required to do so, and the cost thereof shall become collectible as additional rent hereunder and shall be paid by Tenant, within ten (10) days after presentation of statement therefor. Tenant shall reimburse Landlord for the cost of relamping within the Premises which cost shall include replacement of any light bulbs and/or ballasts.

I. Notice to Landlord:

Tenant does hereby covenant and agree with Landlord that it shall give Landlord prompt notice of any defective condition in any plumbing, heating system, or electrical lines located in, servicing or passing through the Premises and following such notice, Landlord shall remedy the condition with due diligence but at the expense of Tenant if repairs are necessitated by damage or injury attributable to Tenant, Tenant's servants, agents, employees, invitees or licensees as aforesaid. There shall be no allowance to Tenant for the diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant, or other making or failing to make any repairs, alterations, additions or improvements in or to any portion of the Premises or in and to the fixtures, appurtenances or equipment thereof. The provisions of this section with respect to the making of repairs shall not apply in the case of fire or other casualty which are dealt with in Section 8 hereof.

J. Insurance:

Tenant does hereby covenant and agree with Landlord that it shall procure and keep in effect public liability and property damage insurance, naming the Landlord as an additional insured in the sum of Three Hundred Thousand (\$300,000.00) Dollars for damages resulting to one person, and Three Hundred Thousand (\$300,000.00) Dollars for damages resulting from one casualty, and Three Hundred Thousand (\$300,000.00) Dollars for damage to property resulting from any one occurrence and shall deliver said policies or certificates to Landlord prior to initial occupancy and continuously maintain such coverage thereafter. Landlord shall have the right, upon not less than thirty (30) days' prior written notice, to raise the limits hereinabove set forth not more than annually during the term of this Lease.

K. Eminent Domain:

Tenant does hereby covenant and agree with Landlord that it shall have no claim for the value of any unexpired term of this Lease or of any other item of loss other than loss of its movable fixtures if the whole or any part of the Premises shall be acquired or condemned by eminent domain (including the threat of a taking) for any public use or purpose and then and in that event, the term of this Lease shall cease and terminate.

L. Subordination to Mortgage:

Tenant does hereby covenant and agree with Landlord that Landlord reserves the right to subject and subordinate this Lease at all times to the lien of any mortgage(s) or ground lease(s) now or hereafter placed upon Landlord's interest in the said Premises and on the land and building which the said Premises are a part or upon any building hereafter placed upon the land of which the Premises form a part provided the mortgagee or lessee named in said mortgage or lease agrees to recognize the Lease of Tenant and provide a nondisturbance agreement in the event of a foreclosure of said mortgage if Tenant is not in default hereunder. Tenant covenants and agrees to execute and deliver upon demand such further instrument or instruments subordinating this Lease to the lien of any such mortgage or mortgages as shall be desired by Landlord and hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver any such instrument or instruments for and in the name of Tenant. This power is hereby declared to be coupled with an interest and irrevocable. Landlord, at its option, may declare Tenant's failure to execute and deliver instruments as aforesaid a default in the performance of this Lease and may execute any and all remedies accruing to Landlord upon default by Tenant. In the event any proceedings are brought for the foreclosure of, or in the event of, or in the event of exercise of the power of sale under, any such mortgage made by Landlord covering the Premises, Tenant hereby attorns to the successors in interest to Landlord, and covenants and agrees to execute an instrument whereby Tenant attorns to such successor in interest and recognizes such successor as the Landlord under this Lease.

M. Surrender of Premises:

Tenant does hereby covenant and agree with Landlord that it shall, upon the expiration or other termination of the term of this Lease, quit and surrender to Landlord the Premises, clean, in good order and condition, ordinary wear excepted. Tenant shall remove all property of Tenant and make all repairs necessitated thereby at its own cost, as directed by Landlord. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

N. Interest on Rent:

Tenant does hereby covenant and agree with Landlord that it will, throughout the term of this Lease, pay interest at the greater of the prime rate or the highest legal rate on any installment of Annual Fixed Rental or Additional Rental which is not paid, for the period from the date when the same was due and payable to the date the same was paid.

O. Tenant Services.

Tenant shall be responsible for and shall pay for telephone to the Premises. Internet and data services are provided. If Tenant generates excessive amounts of trash or waste which requires special handling or disposal such as medical or other hazardous waste Tenant shall be responsible for disposal of such trash waste at its sole expense

**6. LANDLORD'S COVENANTS.**

A. Repair:

During the Term of this Agreement, Landlord, at Landlord's sole cost and expense, shall perform all maintenance, repairs and replacements relating to the Common Areas, roof, building footings, foundations, walls, the building skeleton, bearing columns, interior bearing walls, floor slabs, structural elements, underground utility and sewer pipes, driveways, parking lots, fire protection sprinkler system, all exterior painting (at reasonable intervals), mechanical, plumbing, electrical, and HVAC systems serving the Premises. Landlord agrees that it will use reasonable efforts to cause any such work to be performed in a manner minimizing interference with Tenant's business and use of the Premises. Except as provided above, Tenant shall keep and maintain the Premises in good order and repair.

B. Services.

Landlord shall operate and maintain the Premises in a manner in accordance with standards customarily followed in the operation of comparable office buildings in the Sterling Heights, Michigan area. Tenant shall have access to the Premises twenty-four (24) hours per day seven (7) days per week. Landlord shall furnish services and utilities, operate the building's systems and have maintenance personnel available during customary business hours of

the City, which are currently Monday-Friday, 8:30 a.m. - 5:00 p.m. ("Business Hours"), excluding holidays officially recognized by the City of Sterling Heights. Landlord shall provide Tenant with the following utilities and services, the cost of which shall be included in gross Rent, in accordance with the standards and specifications customarily followed in the operation of comparable buildings in the Sterling Heights, Michigan area: (i) hot and cold water for drinking, lavatories, toilets and drinking water in the Premises at all times; (ii) window washing of all windows in the Premises, outside only, weather permitting, at intervals to be determined by Landlord; (iii) parking spaces in the parking lot located adjacent to the Premises; (iv) lighting of the parking lot and other Common Areas during evening hours; (v) landscaping of the exterior of Common Areas and building management services for the Premises; (vi) snow removal of parking lot and sidewalks in accordance with practices applicable to the City-owned facilities; (vii) utilities, including, but not limited to, gas, electric and other utilities necessary or appropriate for the operation of the Common Areas; (viii) heating, air-conditioning and ventilation ("HVAC") of the Premises and Common Areas during Business Hours whenever heat or air conditioning shall be reasonably required to maintain comfortable temperature and humidity. Tenant space janitorial and cleaning services can be coordinated with the Landlord at Tenants expense.

C. Insurance:

The Landlord on its part covenants and agrees with the Tenant that it will, through the term of this Lease, keep the Premises and all permanent improvements thereto, but not Tenant's personal property, insured under all risk coverage for their replacement value, on eighty (80%) percent co-insurance basis, against loss by fire with standard extended coverage, and any proceeds of such insurance shall be used by Landlord in the repairing and restoration of the Premises.

**7. QUIET ENJOYMENT.**

The Landlord and Tenant agree that if the Tenant shall pay the rent as herein provided, and shall keep, observe and perform all of the other covenants of this Lease by it to be kept, performed and observed, the Tenant shall and may, peaceably and quietly have, hold and enjoy the Premises for the term provided for herein, subject, nevertheless to the terms and conditions of this Lease, including, but not limited to, any ground leases, underlying leases and mortgages.

**8. REBUILDING IN EVENT OF FIRE.**

The Landlord and Tenant agree that if the Premises shall be partially damaged by fire or other cause, the damages shall be repaired by and at the expense of the Landlord, and the rent, until such repairs shall be made, shall be apportioned according to the plat of the Premises which is usable by Tenant. No penalty shall accrue for reasonable delay which may arise by reason

of adjustment of insurance on the part of the Landlord and/or Tenant, and for reasonable delay on account of "labor troubles" or other cause beyond Landlord's control. But if the Premises are totally damaged or are rendered wholly untenable by fire or other cause, or if the Premises shall be damaged to the extent of fifty (50%) percent of its square foot area, then or in any such events, Landlord may, within ninety (90) days after such fire or other cause, give Tenant a notice in writing and thereupon the term of this Lease shall expire by lapse of time upon the third (3rd) day after such notice if given and Tenant shall vacate the Premises and surrender the same to Landlord without prejudice, however, to Landlord's rights and remedies against Tenant under the Lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to the Tenant. Notwithstanding the foregoing, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible and to the extent permitted by law, Landlord and Tenant each hereby releases and waives all right of recovery against the other or anyone claiming through or under each of them by way of subrogation or otherwise. The foregoing release and waiver shall be in force only if both releasers' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance, and also provided that such a policy can be obtained without additional premiums. Tenant acknowledges that Landlord will not carry insurance on Tenant's furniture and/or furnishings or any fixtures or equipment, improvements or appurtenances removable by Tenant and agrees that Landlord will not be obligated to repair any damage thereto or replace the same.

#### **9. DEFAULT OF TENANT.**

The Landlord and Tenant agree that Tenant shall observe and perform all of the conditions and agreements herein contained to be observed and performed by Tenant, and if default shall be made by Tenant in the payment of said rent for more than five (5) calendar days, or any installment or part thereof, or in the performance of any of said conditions or agreements for more than ten (10) calendar days, or if Tenant shall become insolvent, or if bankruptcy, receivership, or other insolvency proceedings shall be begun by or against Tenant, or if Tenant shall abandon or vacate said Premises before the end of the term, each of the foregoing occurrences being hereinafter referred to as a "default," then in each and every such instance of default, and while the same continues, Landlord may reenter the Premises, using all necessary force, and Tenant's right to enter the Premises shall be suspended. Such reentry shall not operate as an eviction or cancellation of this Lease. In the event of a default as above mentioned, Landlord may, at its option, cancel this Lease and avail itself of the privileges of reentry above mentioned, and upon such cancellation all estate, rights, title and interest of Tenant in the Premises shall cease and thereupon Tenant shall be liable to pay to Landlord as damages, the difference between the then present value of the rent covenanted to be paid hereunder for the balance of the term, and the then present fair rental value of the said Premises for the balance of the term. In the event of bankruptcy or other insolvency proceedings are commenced by or against Tenant, Landlord shall ipso facto be entitled to a claim provable therein for its damages computed as above. In the event of a default as above mentioned, Landlord may, without cancellation of this Lease, avail itself of the privilege of reentry above mentioned, and

relet all or part of the Premises in its own name as agent of Tenant for such rent and upon such terms as Landlord may see fit, and if the full rental hereinbefore named shall not thus be realized. Tenant hereby agrees to pay all deficiency, including any expense incurred by any such reletting, including the cost of renovating, altering and decorating for the new tenant, and in the event that the rent received for any month from such reletting by Landlord shall be less than the amount hereinabove reserved to be paid for that month, the difference shall be immediately payable and an action may be instituted against Tenant thereof or, and it shall be no defense to any such action that Landlord has received for any prior month or that the new tenant has agreed to pay for any subsequent month a greater amount than that hereinabove reserved to be paid as rent for that month and such reletting may be made in conjunction with other premises or for a part only of the Premises or for less than the unexpired term hereby demised, or such new term created by such reletting may extend beyond the term hereby demised without releasing Tenant from liability hereunder to pay the full amount of rent hereinabove reserved to be paid for each month of the term hereby demised.

**10. NONWAIVER.**

The Landlord and Tenant agree that the failure of Landlord to seek redress for violation of, or to insist upon the strict performance of any covenant or condition of this Lease or any of the rules or regulations set forth or hereafter adopted, shall not prevent a subsequent act which would have originally constituted violation from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach and no provision of this Lease shall be deemed to have been waived by Landlord unless such waiver be in writing signed by Landlord.

**11. NONLIABILITY OF LANDLORD.**

The Landlord and Tenant agree that Landlord or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the Premises, nor for loss of or damage to any property of Tenant by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by or due to the proven negligence of Landlord, its agents, servants or employees, nor shall Landlord or its agents be liable for any such damage caused by other tenants or persons in or upon or about the Premises or caused by operations in construction of any private, public or quasi public work.

**12. FORCE MAJEURE.**

The Landlord and Tenant agree that this Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall in no way be affected, impaired, or excused because Landlord is unable to fulfill any of its obligations under this Lease or to supply or is delayed in supplying any

service expressly or implied to be supplied or is unable to make, or is delayed in making any repairs, additions, alterations, or decorations or is unable to supply or is delayed in supplying any equipment or fixtures if Landlord is prevented or delayed from so doing by reason of strike or labor troubles or any cause beyond Landlord's control, including but not limited to, government preemption in connection with a National Emergency or by reason of any rule, order or regulation of any department or subdivision thereof of any governmental agency or by reason of the conditions of supply and demand which have been or are affected by way or other emergency.

### **13. NOTICES.**

The Landlord and Tenant agree that any bill, notice or demand from Landlord to Tenant may be delivered personally at the Premises or sent by registered or certified mail. Such bill, notice or demand shall be deemed to have been given at the time of delivery or mailing. Any notice from Tenant to Landlord must be sent by registered or certified mail to the last address designated in writing by Landlord. Notwithstanding the above, invoices and statement for Additional Rent may be sent to Tenant at the Premises by first class U.S. mail.

### **14. SATISFACTION OF JUDGMENT AGAINST LANDLORD.**

The Landlord and Tenant agree that if Landlord shall fail to perform any covenant, term or condition of this Lease upon Landlord's part to be performed, and if as a consequence of such default Tenant shall recover a money judgment against Landlord, including any judgment entered pursuant to an arbitration award if such judgment is not voluntarily paid, then such judgment shall be satisfied only out of the proceeds of sale received upon execution of such judgment and levied thereon against the right, title and interest of Landlord in the Premises, or out of the rents or other income receivable therefrom by Landlord, and Landlord shall not be liable for any deficiency.

### **15. LANDLORD'S ASSIGNMENT.**

The Landlord and Tenant agree that, in the event of any transfer of Landlord's interest in the Premises to a transferee who assumes Landlord's obligations hereunder, the transferor shall be automatically relieved of any and all obligations on the part of the Landlord occurring from and after the date of such transfer and assumption by such assignee, as Landlord, and any funds then in the hands of Landlord in which Tenant has interest shall be turned over, subject to such interest, to the then transferee, notice of such sale, transfer or lease shall be delivered to Tenant as required by this agreement.

**16. BINDING EFFECT.**

The Landlord and Tenant agree that the covenants, conditions and agreements contained in this Lease and in the Rules and Regulations attached hereto as Exhibit B shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, successors, administrators and executors, provided, however, that no assignment by, from, through or under the Tenant in violation of any of the provisions hereof shall vest in the assigns any right, title or interest whatsoever.

**17. USE OF PRONOUNS.**

The Landlord and Tenant agree that wherever the word "Tenant" occurs, it is understood and agreed that it shall mean Tenant's associates, agents, clerks, servants and visitors. Wherever the word "Landlord" occurs, it is understood and agreed that it shall mean Landlord's assigns, agents, clerks, servants and visitors.

**18. ENTIRE AGREEMENT.**

This Lease shall constitute the entire agreement of the parties hereto; all prior agreements between the parties, whether written or oral, are merged herein and shall be of no force and effect. This Lease cannot be changed, modified, or discharged orally but only by an agreement in writing, signed by the parties against whom enforcement of the change, modification or discharge is sought.

**19. LAWS OF THE STATE OF MICHIGAN.**

This Lease shall be governed by, and construed in accordance with, the laws of the State of Michigan. If any provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease shall not be affected thereby and each provision of the Lease shall be valid and enforceable to the fullest extent permitted by the law.

**20. SUCCESSORS.**

This Agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, administrators, executors, representatives, successors and permitted assigns.

**21. SECURITY DEPOSIT.**

Landlord acknowledges receipt of the Security Deposit shown in Section 1 of this Lease, which deposit is to be retained by Landlord as security for the faithful performance of all of the covenants, conditions, rules and regulations, and agreements contained in this Lease, but in no event shall Landlord be obliged to apply the same upon rents or other charges in arrears or upon damages for Tenant's failure to perform the said covenants, conditions, rules and regulations, and agreements: Landlord may so apply the Security Deposit at Landlord's option and the Landlord's right to the other remedies upon default by the Tenant as provided for in this Lease shall not be affected.

If Tenant shall fully comply with all the covenants, conditions, rules and regulations and agreements contained in this Lease, then the Security Deposit, or balance thereof, shall be returned to Tenant without interest after the termination of this Lease and after the removal of Tenant and surrender of possession of the Premises to Landlord.

Landlord shall not be obliged to keep the Security Deposit as a separate fund and Landlord may commingle the Security Deposit with other funds of Landlord.

This Lease has been duly executed by the Landlord and the Tenant as of the day and year first above written.

LANDLORD:

City of Sterling Heights Local Development  
Financing Authority

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**EXHIBIT A**

Location of Premises  
(Floor Plan)

[TO BE ATTACHED]

**EXHIBIT B**

(Rules and Regulations)