

**Oscoda-Wurtsmith Airport – Local Development Finance Authority**

**TAX INCREMENT FINANCE PLAN**

**and**

**DEVELOPMENT PLAN**

**Prepared by:**

**The Oscoda-Wurtsmith Airport Local Development Finance Authority Board**

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**Adopted By Charter Township of Oscoda Board of Trustees November 11, 2013**

## INTRODUCTION

This document describes a plan for capturing portions of future property tax increment revenues generated from Oscoda-Wurtsmith Airport properties. The captured tax revenues will then be utilized to improve and further develop Oscoda-Wurtsmith Airport - - as part of continuing efforts to stimulate and enhance the economy within and around Iosco County, Michigan.

In order to facilitate capture of tax increment revenues, the Charter Township of Oscoda has secured the Airport's designation as a 'Certified Alternative Energy Park' pursuant to the State of Michigan's 'Local Development Financing Act' - - Act 281 of 1986 as amended by Act 290 of 2012 (hereinafter collectively referred to as the "Act"). The Certified Alternative Energy Park Agreement (hereinafter referred to as the "Agreement"), is dated December 18, 2012, has been established between the Michigan Economic Development Corporation ("MEDC"), the Charter Township of Oscoda ("Township") and the Oscoda-Wurtsmith Local Development Finance Authority ("LDFA"). A copy of the Agreement is attached to this Plan as **Exhibit No. 1**.

## FORMAT AND SEQUENCE OF THIS DOCUMENT

This document has been written so as to follow the same sequence as applicable sections of the Act.

### **MCL 125.2152 Definitions.**

Section 2 of the Act sets forth definitions for specific terms and phrases that are also used within this document. When terms and phrases of this document are specifically defined within the Act, then those same definitions are applicable to this document.

### **MCL 125.2155 Establishing an Authority Board.**

The Act includes provisions for establishing a "Local Development Finance Authority Board" (the "Authority Board") - - which is charged with preparing this Plan and governing use of the captured tax revenues. The Authority Board has been established in accordance with Section 5 of the Act - - which requires Eleven (11) members representing the agencies described within **Table 1** below.

**Table 1 – Local Development Finance Authority Board Membership**

<b>Number of Members</b>	<b>Authority Board Representatives</b>	<b>Appointing Agencies</b>
7	Representing the city, village or urban township creating the authority subject to the approval of the governing body.	Charter Township of Oscoda
1	Representing the County Board of Commissioners	Iosco County Board of Commissioners
1	Representing a community or junior college in whose district the authority is located	Alpena Community College
2	Representing each local governmental unit, other than the city, village or urban township, which levies 20% or more of the ad valorem property taxes within the district.	Oscoda Area Schools

**MCL 125.2157 Powers and Duties of the Authority Board**

Powers and duties of the Authority Board shall be regulated in accordance with Section 7 of the Act. Those powers and duties are summarized as follows:

- (a) Study and analyze unemployment, underemployment and joblessness and the impact of growth upon the Authority district;
- (b) Plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation or reconstruction of public facilities;
- (c) Develop long-range plans to promote the growth of the Authority district and take the necessary steps to implement the plans to the fullest extent possible including receiving the designation of the Authority district as a certified technology park in order to create jobs and promote economic growth;
- (d) Implement any plan of development necessary to achieve the purposes of the Act in accordance with the authority granted by said Act;
- (e) Make and enter into contracts necessary or incidental to the exercise of the Board's powers and the performance of its duties;
- (f) 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 the Act, and to grant or acquire licenses, easements and options with respect to the property;
- (g) 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 the Act for the use, in whole or in part, of a public or private person or corporation, or a combination thereof;
- (h) 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 Authority'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;
- (i) Lease a building or property or a part of a building or property under the Authority's control;
- (j) Accept grants and donations of property, labor or other things of value from a public or private source;

(k) Acquire and construct public facilities;

(l) 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; and

(m) Plan, propose and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the State of Michigan construction code.

## **Tax Increment Financing Plan**

**This Plan describes the methods for estimating tax increment revenues to be captured, initiatives to be accomplished with such revenues and administration requirements.**

### **MCL 125.2160 Financing Activities of the Authority**

Activities of the Authority may be financed from one or more of the following sources:

1. Contributions to the Authority for the performance of its functions.
2. Revenues from any property, building, or facility owned, leased, licensed, or operated by the Authority or under its control, subject to the limitation imposed upon the Authority by trusts or other agreements.
3. The Authority may also elect to contribute tax increment revenues, on a cost sharing basis, in support of projects that are being implemented by Oscoda-Wurtsmith Airport Authority, Charter Township of Oscoda, Michigan Department of Transportation, Federal Aviation Administration or with grant funding.
4. Tax increment revenues that are received pursuant to provisions of the Act and this Plan.

### **MCL 125.2162 – Tax Increment Financing Plan**

**Sec. 12. (1)(a) – A statement of reasons that the plan will result in the development of captured taxable value that could not otherwise be expected.**

The goal of this Plan is to maintain and further develop Oscoda-Wurtsmith Airport in support of new development, economic growth, and job creation initiatives. In doing so, the improvements are expected to enhance property values - - therefore accelerating further increases in the Taxable Value at a rate that would not otherwise be expected.

**Sec. 12. (1) (b) - Estimates of ‘Captured Taxable Value’ for each year of the plan.**

‘Captured Taxable Value’ is that portion of total taxable values which exceeds the ‘Initial Taxable Value’ during each subsequent year. For the purposes of this Plan, the ‘Initial Taxable Value’ has been established by the tax assessment rolls that Charter Township of Oscoda prepared during the 2013 tax year. **Table 2** below - provides estimates of the Captured Taxable Values for each year of this Plan.

The methods for estimating future 'Captured Taxable Value' are based upon the following projections:

- 1) The 2013 tax levy rates have been used when calculating future assessed value estimates.
- 2) When preparing this projected estimate, inflation rate adjustments (COLA) on Real Property have been calculated by utilizing the historical average for Iosco County - - which has been increasing at a rate of +1.3% per year - - on average. These numbers are provided for demonstration of potential 'Captured Taxable Value' from pre-existing Real Property values. The actual 'Captured Taxable Value' will be calculated and adjusted each year based upon the actual inflation rate increases that are experienced within Iosco County.
- 3) When preparing this projected estimate, Personal Property values have been calculated by utilizing the historical average for Iosco County which has been depreciating at a rate of - 4.8% per year - - on average. New Personal Property growth has typically increased at a rate of +5.3% per year - - on average. Therefore, the net growth of Personal Property values has been increasing at a rate of + 0.5% per year – on average. These numbers are provided for demonstration of potential 'Captured Taxable Value' from Personal Property values. The actual 'Captured Taxable Value' of Personal Property will be calculated and adjusted each year based upon actual inflation rate increases that are experienced within Iosco County.
- 4) An 'Economic Conditions Factor' of -35% is utilized when calculating the Taxable Value of Real Properties located within Oscoda-Wurtsmith Airport. Therefore, Taxable Values are calculated as follows:  $(\text{Estimated True Cash Value} - 35\%) \times 50\% = \text{Taxable Value}$
- 5) Additional property reuse and new construction during 2014 is expected to add \$500,000 True Cash Value (\$162,500 taxable value).
- 6) Additional property reuse and new construction during 2014 - 2015 is expected to include an aircraft maintenance hangar - - \$7.5M True Case Value (\$2.5M taxable value).
- 7) Additional property reuse and new construction / growth during years 2016 – 2028 is conservatively calculated by adding an estimated \$500,000 True Cash Value (\$162,500 taxable value) to property values during each subsequent year (2016 – 2028).
- 8) At the time in which this Plan is being assembled, the state legislature is considering initiatives that may phase out and or abolish the collection of Personal Property Taxes. As such, within this plan all estimates and calculations of Personal Property tax assessments are segregated from the estimates and calculations of Real Property tax assessments.

**Table 2 – Estimates of ‘Captured Taxable Value’ for each year of the plan**

Years	Initial Assessed Values (Baseline)		
	Real Property - \$8,149,267		Personal Property - \$8,313,900
	Baseline Real Property Taxable Increment Values Accumulating	Estimated New Construction Taxable Increment Values Accumulating + COLA Accumulating at 1.3%	Personal Property Taxable Increment Values Accumulating at 0.5%
2014	\$ 105,940	\$ 162,500	\$ 41,569
2015	\$ 213,258	\$ 2,664,613	\$ 83,347
2016	\$ 321,971	\$ 2,861,752	\$ 125,333
2017	\$ 432,097	\$ 3,061,455	\$ 167,529
2018	\$ 543,655	\$ 3,263,754	\$ 209,936
2019	\$ 656,663	\$ 3,468,683	\$ 252,556
2020	\$ 771,140	\$ 3,676,276	\$ 295,388
2021	\$ 887,105	\$ 3,886,567	\$ 338,434
2022	\$ 1,004,578	\$ 4,099,593	\$ 381,696
2023	\$ 1,123,578	\$ 4,315,388	\$ 425,174
2024	\$ 1,244,125	\$ 4,533,988	\$ 468,869
2025	\$ 1,366,239	\$ 4,755,429	\$ 512,783
2026	\$ 1,489,941	\$ 4,979,750	\$ 556,917
2027	\$ 1,615,250	\$ 5,206,987	\$ 601,271
2028	\$ 1,742,189	\$ 5,421,557	\$ 645,847

**Sec. 12. (1) (c) – Estimate Tax Increment Revenues for each year of the plan.**

“Tax Increment Revenue’ is calculated annually by multiplying Captured Assessed Value by the tax levies assessed by the taxing authorities identified within **Table 3** of this Plan. The attached ‘**Exhibit No. 2**’ demonstrates the calculations utilized when estimating Tax Increment Revenues for each year of this Plan.

**Table 3 – Taxing Authorities and Rates of Tax Levies**

All Authorities Collecting Taxes from the OWA – LDFA District	2013 Tax Levies
Iosco County-Government Operations	
County Government Operations	.0039129
Ambulance	.0004431
Commission on Aging	.000291
Medical Care Facility Operations	.0004557
Medical Care Fac. – Voted Construction Bond	.0003354
Transit Bus Authority	.0000967
MSU – 4H	.0001200
Oscoda Area Schools- Non Homestead	
Voted Operating	.0167351
Voted Operating	.0012649
Voted Construction Bond – Debt	.0015800
Oscoda Area Schools – Homestead (There are no homestead exemption eligible properties located within the boundaries of Oscoda-Wurtsmith Airport)	
Voted Construction Bond – Debt	.00158
Iosco – Intermediate Schools	.0002121
	.0006371
Senior Citizens Center	.0000989
Iosco – Arenac District Library	.0004912
State Education Tax	.0060000
Charter Township of Oscoda – Government Operations	.0046908
<b>Total</b>	<b>.0389449</b>

1) Reasons for Excluding Capture from Specific Tax Levies:

- a) Construction Debt Bond – Repayment Tax Levies: Within the Act, MCL 125.2152, Section 2. (JJ) (iii) (D) excludes capture of tax revenues from “Ad valorem” property taxes having been levied for the payment of principal and interest on bonded debt obligations. Therefore the following debt repayment tax levies are excluded from the tax increment capture:
  - Iosco County Medical Care Facility – .3354 Mil
  - Oscoda Area Schools – Non Homestead 1.58 Mil and Homestead 1.58 Mil.
  
- b) Education Tax Exclusions: Within the Act, MCL 125.2152, Section 2.(JJ) (ii) (B) limits tax increment capture to a maximum of 50%, as determined by the State’s Treasurer, on tax levies for the State Education Tax and local or intermediate school district operations. As such, 50% of the tax increment revenues generated from said education tax levies are excluded from capture.
  
- c) Inflation Rate - Percentage Exclusions: Taxable value changes in response to inflation rate changes are also known as Cost of Living Adjustments (COLA). Within the Act, MCL 125.2162, Section 12. (1)(b) allows the municipality creating the Authority to exclude a percentage of captured assessed value resulting solely from COLA - - as specified by this Plan.

When the annual inflation rate causes COLA increases to exceed Initial Taxable Value - - then a percentage of the tax increment revenue generated specifically from the Charter Township of Oscoda operating tax levy will be excluded. **Table 4** below demonstrates a sliding scale of those percentages to be excluded from the Charter Township of Oscoda tax levy.

**Table 4 – Inflation Rate – Percentage Exclusions**

Inflation Rate COLA Increases	Percentage to be excluded from capture on the Charter Township of Oscoda Tax Levy
>0% - 1%	10%
>1% - 2%	20%
>2% – 3%	25%
>3% – 4%	30%
>4% - 5%	35%
> 5%	35%

**Table 5** below demonstrates a projected estimate of tax increment revenues with inflation rate adjustments (COLA) being at 1.3% for Real Property and .5% for Personal Property. The actual Tax Increment Revenue will be adjusted and calculated each year based upon the inflation rates reported by Michigan Department of Treasury.

**Table 5 – Annual Estimates of the OWA – LDFA Tax Increment Revenue**

2014	\$ 6,847
2015	\$ 65,404
2016	\$ 73,086
2017	\$ 80,861
2018	\$ 88,730
2019	\$ 96,694
2020	\$ 104,753
2021	\$ 112,910
2022	\$ 121,165
2023	\$ 129,520
2024	\$ 137,975
2025	\$ 146,533
2026	\$ 155,195
2027	\$ 163,961
2028	\$172,488

**Sec. 12. (1) (d) – Describe the tax increment procedure.**

1. ‘Captured Taxable Value’ is that portion of total taxable values which exceeds the ‘Initial Taxable Value’ during each subsequent year. For the purposes of this Plan, the ‘Initial Taxable Value’ has been established by the tax assessment rolls that Charter Township of Oscoda prepared during the 2013 tax year.
2. Increases in taxable values can result from any of the following factors:
  - a. Construction of new developments occurring after the date establishing the “Initial Taxable Value.”
  - b. New rehabilitation, remodeling alterations, or additions accruing after the date establishing the “Initial Taxable Value.”
  - c. Re-utilization and taxing of Real Properties that have not previously generated tax revenue.
  - d. Expiration of industrial and commercial property tax abatements and return of abated property to the ad valorem roll.
  - e. Increases in property values which occur for any other reason.
3. Annual “Tax Increment Revenue’ is calculated by multiplying annual Captured Taxable Value by the tax levies of all taxing authorities collecting revenue from Oscoda-Wurtsmith Airport properties - - unless otherwise specifically excluded by this Plan. Tax Increment Revenues transmitted to the Oscoda-Wurtsmith Airport – Local Development Finance Authority (OWA-LDFA) may then be accrued for multiple years - - in order to implement projects that require more funding than generated during any one year.

**Sec. 12. (1) (e) - Maximum limit of note or bonded indebtedness to be incurred, if any.**

The OWA – LDFA shall not incur indebtedness.

**Sec. 12. (1) (f) – Amounts of operating and planning expenditures of the Authority. Also, the amount of advances extended or indebtedness incurred, which are to be repaid from tax increment revenues.**

1. The OWA-LDFA has not received any advances or incurred debt which is to be repaid from future tax increment revenues.
2. When adopting the annual operating budget, the Authority may allocate tax increment revenue for indirect expenses associated with operation expenses, planning, administration, legal services and financial auditing services of the Authority. Under normal operating

circumstances, the Authority shall attempt to prevent such allocations from exceeding 15% of the annual budget.

**Sec. 12. (1) (g) – Anticipated costs to be paid from Tax Increment Revenues - - as received.**

1. Indirect activity costs associated with annual operating expenses, planning, administration, legal and financial auditing services. Under normal operating circumstances, the Authority shall attempt to prevent indirect activity expenditures from exceeding 15% of the annual budget.
2. Direct activity costs are listed as follows:
  - a) Tax Increment Revenue may be utilized as the sole source of funding for the direct costs associated with planning, engineering, construction or otherwise implementing eligible projects – as described by this Plan.
  - b) The Authority may also elect to contribute tax increment revenues, on a cost sharing basis, in support of completing projects that are being implemented by Oscoda-Wurtsmith Airport Authority, Charter Township of Oscoda, Michigan Department of Transportation, the Federal Aviation Administration or private businesses that are being developed within the boundaries of Oscoda-Wurtsmith Airport.
  - c) Eligible projects are generally described as follows:
    - 1) Airfield pavement repair, improvements and expansion.
    - 2) Repair and / or extension of streets, municipal water, sanitary sewer and storm sewer systems.
    - 3) Construction and improvements for Oscoda-Wurtsmith Airport Authority owned buildings.
    - 4) Infrastructure necessary to facilitate Airport expansion and growth.
    - 5) Capital investment expenses associated with developing public safety facilities.
    - 6) Economic development projects - - including costs for acquisition, construction, equipping and furnishing facilities that will be owned or leased by businesses located within the boundaries of Oscoda-Wurtsmith Airport.
    - 7) Any other projects that Oscoda-Wurtsmith Airport Authority adds to its Airport Capital Improvement Plan or Master Plan for future development.
    - 8) Projects that Charter Township of Oscoda or Iosco County Road Commission implements within the boundaries of Oscoda-Wurtsmith Airport.

**Sec. 12. (1) (h) – Duration of the ‘Development Plan’ and the ‘Tax Increment Plan’.**

This Plan commences upon approval and adoption by Charter Township of Oscoda and shall continue until December 31, 2028, unless otherwise terminated in accordance with the Act. If the Township and the Authority seek to extend this plan beyond December 31, 2028 the baseline taxable values will then be reset to the taxable values established during 2028.

**Sec. 12. (1) (i) – Estimate the impact of tax increment financing upon all taxing jurisdictions capturing tax revenue from the eligible property.**

**Exhibit No. 2** demonstrates the estimated financial impacts upon all affected taxing authorities.

**Sec. 12. (1) (j) – Legal description of the eligible property.**

**Exhibit No. 3** provides the legal description and boundary sketches of Oscoda-Wurtsmith Airport.

**Sec. 12. (1) (k) – Estimate the number of jobs to be created.**

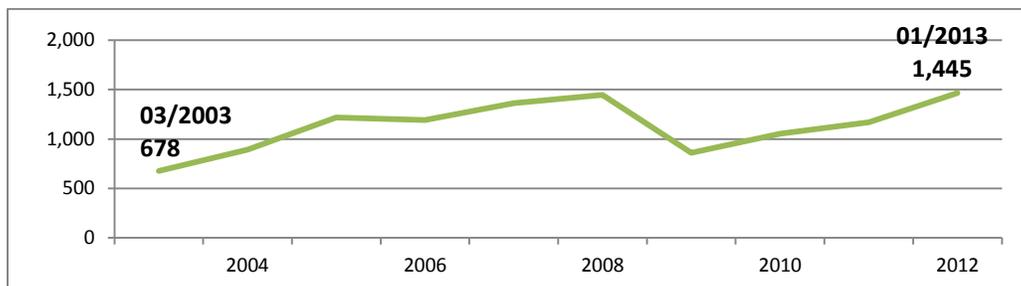
**Table 6** provides an estimate of the anticipated number of new jobs to be created during 2013 through and 2015.

**Table 6 – Estimates of New Jobs Being Created from 2013 through 2015**

Company	New Activity	Numbers of Additional Jobs
Kalitta Air – Engine Division	Expanding Jet Engine Maintenance Facilities	100
Kalitta Air – Maintenance Division	Build one additional aircraft maintenance hangar.	200
Phoenix Composite Solutions – Aerospace parts manufacturer and repair.	Additional aerospace related service contracts	50
Estimated Total		350

A best effort at predicting job creation during 2016 - 2028 has been prepared by evaluating past job creation trends. **Table 7** provides a graphic depiction of the number of jobs that have been created on former Wurtsmith A.F.B. properties during the past 10 years. While there have been some short term decreases, this graph demonstrates a continuing / consistent increase in the number of jobs created. By extending this same trend going forward, it is anticipated that 700 – 1,000 additional jobs may be created during the 15 years covered by this Plan.

**Table 7 - Most Recent Past 10 Years of Job Creation at the Former Wurtsmith Air Force Base**



**Sec. 12. (1) (I) – Description of all taxable Real Properties, located within the boundaries of Oscoda-Wurtsmith Airport, that will be included when determining Tax Increment Revenue and whether any personal property is exempt from tax increment capture.**

1. Real Properties: **Exhibit No. 4** is a listing of all Real Property included in the baseline calculation of ‘Captured of Taxable Value’ and shall serve as the basis for determining future ‘Tax Increment Revenue’.
2. Exempted Personal Property:
  - a. Personal Property that is utilized directly for manufacturing of products is exempt from local school operating tax levies and State Education Tax - - therefore exempt from tax increment capture.
  - b. Personal Property that is utilized for commercial business operations is exempt from the first .012 of local school operating tax levies - - therefore that portion is also exempt from tax increment capture by this Plan.

**Sec. 12. (2) and Sec. 12. (7) Eligible uses and eligible locations for which Tax Increment Revenue will be utilized.**

1. Eligible Uses: Tax Increment Revenues may be utilized for maintenance or development of public facilities, as defined by the Act, and as more generally described as follows:
  - a) Airfield pavement repair, improvements and expansion.
  - b) Repair and / or extension of streets, water, sewer and storm sewer systems.
  - c) Construction and improvements for Oscoda-Wurtsmith Airport Authority owned buildings.
  - d) Infrastructure necessary to facilitate Airport expansion and growth.
  - e) Capital investment expenses associated with providing public safety facilities.
  - f) Economic development projects - - including costs for acquisition, construction, equipping and furnishing facilities that will be leased by businesses located within the boundaries of Oscoda-Wurtsmith Airport.
  - g) Any other projects that Oscoda-Wurtsmith Airport Authority adds to its Airport Capital Improvement Plan or Master Plan for future development.
  - h) Projects that Charter Township of Oscoda or Iosco County Road Commission implements within the boundaries of Oscoda-Wurtsmith Airport.
2. Eligible Locations: All properties located within the boundaries of Oscoda-Wurtsmith Airport, as described and depicted within the attached **Exhibit No. 3**, are eligible locations for use of captured Tax Increment Revenue.

**Sec. 12. (3) – The annual percentage of tax revenue captured from tax levies for school operating purposes shall not be greater than the annual percentage of tax increments captured from the tax levies by a municipality or county for operating purposes.**

The percentage of captured revenue from tax levies established for operating expenses of Oscoda Area Schools shall not exceed the percentage of amounts captured from the tax levies of Charter Township of Oscoda or Iosco County.

**Sec. 12.(4) and Sec. 12. (5) - Approval, adoption and amendment procedures for the combined 'Tax Increment Finance Plan' and 'Development Plan' .**

Notifications and procedures pursuant to securing approval and adoption of this Plan, or future amendments to this Plan, shall be completed in accordance with applicable requirements of the Act.

**Sec. 12. (6), Sec. 12. (8) and Sec. 12. (9) – Regulations for selling, conveyance or disposal of Authority owned public facilities.**

The term 'Public Facilities' is defined by the Act, at MCL 155.2152, Sec. 2.(ff).

1. Acquiring Public Facilities: The Act empowers the Authority to “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 the Act, and to grant or acquire licenses, easements and options with respect to the property”.
2. Selling, Conveyance or Disposal of Public Facilities: With approval from the Charter Township of Oscoda, Michigan Economic Development Corporation and Oscoda-Wurtsmith Airport Authority any property or public facilities owned by the Authority may be sold, conveyed, or otherwise disposed of to any person, public or private - - for fair market value or reasonable monetary consideration as determined by the Authority.
3. Selling or Leasing Public Facilities for Less Than Market Value Requirements and Penalties:

***MCL 125.2162c (4)***

- a) The Authority and Charter Township of Oscoda may sell or lease out public facilities at below market rate after securing a determination from Michigan Economic Development Corporation that such sale or lease agreement will assist in increasing employment or private investment on Oscoda-Wurtsmith Airport properties.

***MCL 125.2162c (5)***

- b) When public facilities are conveyed or leased at less than fair market value, the terms of the conveyance or lease agreement shall include legal and equitable remedies and rights in order to ensure that the public facilities are used for eligible purposes.
- c) When the selling price or monetary consideration for the sale of a public facility is less than fair market value, then the conveyance agreement shall include legal and equitable remedies so as to enforce penalties in the event of a subsequent sale results in net profit. At a minimum, the purchaser must agree to pay to the Authority the amounts equal to all proceeds over the original selling price up to the original fair market value - - in the event of any

interest in the property being sold or disposed of within 12 years. As an example, when a property having fair market value of \$200,000 is sold by the Authority for \$100,000 and then that same property is subsequently sold within 12 years for \$220,000 - - the Authority shall receive \$100,000 from the net proceeds of the subsequent sale or conveyance.

4. Retaining Proceeds From Sale of Conveyance of Public Facilities: During the duration of this Plan, or an extension thereof, any proceeds from the sale of property acquired by the Authority shall be retained by the Authority and may be utilized in accordance with provisions of this Plan.
5. Reversion of Public Facilities to Oscoda-Wurtsmith Airport: Upon termination of the Authority, all public facilities acquired and / or owned by the Authority shall be conveyed at no cost to Oscoda-Wurtsmith Airport Authority.

**MCL 125.2163 – Tax increment revenues transmitted to the Authority; expenditure of tax increment revenues; retention or reversion of excess revenue; prohibition; abortion of tax increment financing plan; annual financial report.**

**Sec. 13. (1) – Transmission of Tax Increment Revenues.**

The Treasury of Charter Township of Oscoda and Iosco County shall calculate and deliver each annual installment of Tax Increment Revenue to the Authority no later than the subsequent 1<sup>st</sup> day of April or in accordance with applicable laws. As an example, Tax Increment Revenue to be captured from year 2014 tax collections shall be transmitted to the Authority no later than April 1, 2015.

**Sec. 13. (2) - Expenditure, Retention or Reversion of Tax Increment Revenues.**

1. Expenditure: The Authority shall expend tax increment revenues for implementing only eligible projects within eligible locations, as described by this Plan.
2. Retention or Reversion: Any excess revenues remaining available at the end of each plan year shall be retained, carried forward and accumulated by the Authority for use during subsequent plan years or such duration in which this Plan and the Authority are extended or terminated by resolution of Charter Township of Oscoda. At expiration or termination of this Plan and / or the Authority and all financial obligations of the Authority have been paid out - - then any remaining tax increment revenue shall revert proportionately to the respective taxing jurisdictions. When calculating the reverted tax revenue, each taxing jurisdiction shall receive the same percentage of the total tax levy assessed during the most recent year in which tax revenue was transmitted to the Authority.
3. The Charter Township of Oscoda may abolish this Tax Increment Finance Plan if the purposes for which the plan was established are accomplished. However, this Tax Increment Finance Plan may not be abolished until all outstanding bills and expenses have been paid.

**MCL 125.2163, Sec. 13. (3) – Annual Reporting Requirements.**

1. The Authority shall submit annually to the Charter Township of Oscoda and the State Tax Commission a financial report on the status of the Tax Increment Finance Plan. Each annual

report shall be submitted no later than February 28<sup>th</sup> of each year covering the preceding calendar year and shall include the following information:

- a) The amount and source of tax increment revenues received.
  - b) The amount in any bond reserve account. *(Not Applicable)*.
  - c) The amount and purpose of expenditures of tax increment revenues.
  - d) The amount of principal and interest on any outstanding bonded indebtedness. *(Not Applicable)*.
  - e) The initial assessed value of the eligible property.
  - f) The captured assessed value of the eligible property.
  - g) The number of jobs created as a result of implementing the tax increment finance plan.
  - h) Any additional information the Charter Township of Oscoda or state tax commission considers necessary.
2. The Authority shall provide, or cause to be provided, to Michigan Economic Development Corporation a report once a year, no later than February 28 of each year covering the preceding calendar year, containing the following information:
- a) A summary of the Certified Alternative Energy Park (CAEP) operations, including, but not limited to, the number of buildings built or renovated, infrastructure improvements made, number of businesses locating or expanding in the CAEP, number of jobs created or retained, the amount of private investment in the CAEP, and similar information for activity of the CAEP.
  - b) The use of Tax Increment Revenues during the prior calendar year of the LDFA.
  - c) The proposed use of Tax Increment Revenues for the next calendar year of the LDFA.
  - d) Any modifications sought to this Agreement or to the TIFP.

**MCL 125.2169** - Preparation and submission of budget; manner; approval; cost of handling and auditing of funds.

- a) Sec. 19. (1) The Director of the Authority shall prepare and submit an annual budget to the Authority Board for operations of the authority for the ensuing fiscal year. The budget shall be prepared in a manner and contain information required by Charter Township of Oscoda. The budget shall be provided to Charter Township of Oscoda no later than September 30<sup>th</sup> for approval before adoption by the Authority Board.
- b) Sec. 19. (2) The Charter Township of Oscoda may assess a reasonable pro rata share of the tax increment revenues to cover costs of handling and auditing financial activities of the Authority. Such costs shall be paid annually by the Authority Board pursuant to an appropriate item in its budget.

**MCL 125.2170 - Dissolution of the Authority and disposition of property and Assets.**

At the discretion of Charter Township of Oscoda, when the Authority completes the purposes for which it was organized it shall then be dissolved by resolution of the Board of Trustees for Charter Township of Oscoda. Any tax increment revenues that have not been used shall revert proportionately to the respective taxing jurisdictions - -

as described by Section 13.(2) above. Any real or personal property along with any other physical assets of the Authority shall be conveyed, at no cost, to Oscoda-Wurtsmith Airport Authority.

## Development Plan

### **MCL 125.2165 – Development Plan Generally.**

#### **Sec. 15.(2)(a) – Describe the Authority District and Legal Description of the Property.**

**Exhibit No.2** provides the legal description and boundary sketches of Oscoda-Wurtsmith Airport.

**Exhibit No.3** is a listing of all taxable Real Properties located within the boundaries of Oscoda-Wurtsmith Airport.

#### **Sec. 15.(2)(b) – Describe the boundaries of Oscoda-Wurtsmith Airport in relation to highways, streets, or otherwise.**

Oscoda-Wurtsmith Airport is located immediately south of Rea Road, immediately west of Highway F-41, generally north of, Van Etten Street, California Street, Missile Street and Arrow Street. The west and southwest boundaries of Oscoda-Wurtsmith Airport are bounded by portions of the Huron National Forest.

#### **Sec. 15.(2)(C) – Describe the existing streets and other public facilities along with character and categories of public and private land uses within the boundaries of Oscoda-Wurtsmith Airport.**

Oscoda-Wurtsmith Airport comprises approximately 2,200 acres of a deactivated military Air Force base. The Air Force had developed the property with an extensive airfield which includes ‘heavy aircraft’ capable runway, taxiways, parking aprons and associated airfield appurtenances. In support of air base operations, properties adjacent to the airfield were developed with a variety of buildings, a network of paved and curb lined streets and parking lots. All of the developed properties are fully served with municipal water, sanitary sewer and storm sewer collection systems, electricity, natural gas and telecommunications infrastructure. All of the properties are owned by Oscoda-Wurtsmith Airport Authority. Ownership, easements and / or operating agreements have been established for maintaining the public roads and utility services infrastructure. The owners or operators of such infrastructure are listed within **Table 8** below:

**Table 8 – Infrastructure at Oscoda-Wurtsmith Airport**

Infrastructure	Owner - Operators
Airfield	Oscoda-Wurtsmith Airport Authority
Streets – Outside of Airfield	Iosco County Road Commission
Water Distribution	Charter Township of Oscoda
Sanitary Sewer	Charter Township of Oscoda
Storm Sewer	Oscoda-Wurtsmith Airport Authority
Electricity	Consumers Energy
Natural Gas	DTE Power
Telecommunications	AT&T

All land within the boundaries of Oscoda-Wurtsmith Airport will continue to be publicly owned, or controlled via long term lease in furtherance of conveyance, by Oscoda-Wurtsmith Airport Authority. Likewise, the Airport Authority will continue to own all buildings that were developed and vacated by the Air Force. The majority of those buildings are leased out to private businesses that now operate aircraft related maintenance services, manufacturing and / or warehouse land uses. Additionally, the Airport Authority offers long-term 'land-only' leases for tenants that wish to develop privately owned buildings.

The Oscoda-Wurtsmith Airport properties are zoned and regulated in accordance with the Oscoda-Wurtsmith Airport Zoning Ordinance. The geographic area of Oscoda-Wurtsmith Airport is divided into three (3) Zoning Districts:

- A-1      Airfield District – Aircraft movement areas, including taxiways, parking aprons and the runway.
- A-2      Aviation Support District – Aircraft maintenance, fueling and storage.
- I         Industrial District - Manufacturing, machining, warehousing, engineering and other industrial / manufacturing types of support businesses.

Boundaries of the zoning districts are depicted on the Airport Authority's Zoning District Map - a copy of which is incorporated into this Plan as **Exhibit 5**.

**Sec. 15.(2)(d) – Describe public facilities to be acquired, improvements to be implemented and estimate of time for completing such initiatives.**

- A. Oscoda-Wurtsmith Airport Authority completed master planning and airfield pavement condition studies during the years 2010 – 2012. The results of those studies have been translated into a Master Plan which identifies airfield and non-airfield capital improvement project needs. All projects identified for implementation by the Airport Authority's Master Plan and any other projects permitted by the Certified Alternative Energy Park Agreement (**Exhibit 1**) are eligible expenditures under this Plan . A copy of the Airport Authority's Master Plan implementation schedule is incorporated into this Plan as **Exhibit 6**.
- B. Additionally, the types of projects that are more generally described as follows are eligible for expenditures under this plan.
  - 1) Airfield pavement repair, improvements and expansion.
  - 2) Repair and / or extension of streets, water, sewer and storm sewer systems.
  - 3) Construction and improvements for Oscoda-Wurtsmith Airport Authority owned buildings.
  - 4) Infrastructure necessary to facilitate Airport expansion and growth.
  - 5) Capital investment expenses associated with developing public facilities.
  - 6) Economic development projects - - including costs for acquisition, construction, equipping and furnishing facilities that will be owned or leased by businesses located within the boundaries of Oscoda-Wurtsmith Airport.

- 7) Any other projects that Oscoda-Wurtsmith Airport Authority adds to its Airport Capital Improvement Plan or Master Plan.
  - 8) Projects that Charter Township of Oscoda or Iosco County Road Commission implements within the boundaries of Oscoda-Wurtsmith Airport.
- C. Any amendments to this Plan require approval of the Oscoda-Wurtsmith Airport Authority and Charter Township of Oscoda.
- D. Eligible locations and / or initiatives of this Plan are segregated into four (4) categories:

- 1) Airfield District Projects – Public facilities; maintenance, repair, expansion, improvements and development.
- 2) Non – Airfield District Projects – Public facilities; maintenance, repair, expansion, improvements, development and demolition.

As depicted by the Oscoda-Wurtsmith Airport Zoning Map (**Exhibit 5**), the boundaries of Oscoda-Wurtsmith Airport extend beyond the designated Airfield District. The Airport Authority’s ‘Master Plan’ includes implementation schedules for projects located within the Airport Support District and Industrial District areas of Oscoda-Wurtsmith Airport. All projects identified for implementation by the Airport Authority’s Master Plan implementation schedule (**Exhibit 6**) are eligible expenditures under this Plan.

- 3) Economic Development Projects – Public facility improvements, expansion or development in support of economic development projects.
- 4) Public Safety – Purchase equipment or develop facilities in support of providing public safety, including snow removal operations, at Oscoda-Wurtsmith Airport.

E. Short Range Implementation Plan Updating and Approval Procedure:

The Oscoda-Wurtsmith Airport Authority—Board of Trustees will annually establish priorities, provide cost estimates and submit updated recommendations to the Local Development Finance Authority Board for projects to be completed during the subsequent three (3) years. The Airport’s annual recommendations should be delivered to the Authority Board no later than **April 30<sup>th</sup>**. The Authority Board will then select, schedule and budget for implementing projects that can be completed within budget restraints and during the allocated time-frame. The Authority’s ‘Short Range Implementation Plan’ shall be prepared and delivered to Oscoda-Wurtsmith Airport Authority and Charter Township of Oscoda - - normally no later than **June 30<sup>th</sup>** - - for final approval consideration. In order for projects to be implemented during the subsequent year, formal written approvals must be secured from both of those agencies prior to **November 30<sup>th</sup>** unless some other date is mutually agreed.

**Sec. 15.(2)§ (e) – (p):** As each specific project is planned, at a minimum the Authority Board will take into consideration all of the factors and impacts listed in Table 8 below:

**Table 9 – Project Considerations and Factors**

<b>MCL 125.2165</b>	<b>Considerations and Factors</b>
Sec. 15.(2)§ (e)	Location, extent, character, estimated costs and completion timeline.
Sec. 15.(2)§ (f)	Construction stages and estimated times for completing each stage.
Sec. 15.(2)§ (g)	Describe any portions of property to be sold, donated, exchanged or leased to or from Charter Township of Oscoda or any other party - - as well as the proposed terms.
Sec. 15.(2)§ (h)	Desired zoning changes and changes to streets, intersections or utilities.
Sec. 15.(2)§ (i)	Costs, sources of project funding and the Authority’s ability to pay.
Sec. 15.(2)§ (j)	Identify all agencies, companies or person(s), natural or corporate, to whom all or portions of the public facility will be leased, sold, or conveyed so as to benefit from the project.
Sec. 15.(2)§ (k)	In the event of there being no expressed or implied agreement established between the Authority and another party, then establish procedures for bidding for the lease, purchase or conveyance of all or portions of the public facility for use upon completion - - if applicable.
Sec. 15.(2)§ (l)	Determine if the project will cause persons or businesses to be displaced. If so, determine the numbers and specific demographics information in accordance with the Act, MCL 125. 2165 , Sec. 15. (2) (l).
Sec. 15.(2)§ (m)	A plan for establishing priority for relocation of persons displaced by the development.
Sec. 15.(2)§ (n)	Allocate funding for costs of relocating displaced persons, financial assistance and reimbursement of expenses, including incidental expenses all in accordance with the federal uniform relocation assistance and real property acquisition act of 1970, 42 USC 4601 to 4655.
Sec. 15.(2)§ (o)	Ensure compliance with the Michigan Relocation Act, PA 227 of 1972, Sections 213.321 to 213.332.
Sec. 15.(2)§ (p)	Other material considerations that the Authority Board or Charter Township of Oscoda considers pertinent.

**Listing of Exhibits attached to this Plan:**

- Exhibit No. 1** Certified Alternative Energy Park Agreement – Dated December 18, 2012.
- Exhibit No. 2** Calculations of estimated tax increment revenues for each year of this Plan.
- Exhibit No. 3** Legal Description and depiction of general boundaries of the LDFA District.
- Exhibit No. 4** Listing of all Real Properties within the LDFA District.
- Exhibit No. 5** Oscoda-Wurtsmith Airport - Zoning Map
- Exhibit No. 6** Oscoda-Wurtsmith Airport – Schedule of Capital Improvement Projects