



**DOWNTOWN DEVELOPMENT AUTHORITY
TAX-INCREMENT FINANCING AND DEVELOPMENT PLANS**

Recommended to the City Council
By the Downtown Development Authority Board on

December 2, 2004

Approved and adopted by the City Council
By Enactment of Ordinance No. 693 on

December 27, 2004



City of Petoskey

DOWNTOWN DEVELOPMENT AUTHORITY TAX-INCREMENT FINANCING AND DEVELOPMENT PLANS

INTRODUCTION

As permitted by provisions of Act 197 of the Public Acts of Michigan, 1975, as amended, the City Council of the City of Petoskey in October, 1993, adopted an ordinance that created the City of Petoskey Downtown Development Authority. Then, based upon provisions of Act 120 of the Public Acts of Michigan, 1961, as amended, the City Council in February, 1994, created the City of Petoskey Downtown Management Board, whose members also were members of the Downtown Development Authority Board. Since 1994, only the special-assessment funding mechanism that is permitted by provisions of State statute has been used to offset costs of various downtown-area programs, services, and projects through the City's Downtown Management Board, and no funding mechanism that is permitted by statute has been used to cover such costs through the Downtown Development Authority.

Beginning in July, 2003, the City's Planning Commission reviewed the request by Lake Street Petoskey Associates, L.L.C., Farmington Hills, that zoning designations of properties within the block that is bounded by US-31 and Petoskey Street between Lake and Mitchell Streets be changed from the then-current B-2 Central Business District zone to a PUD Planned Unit Development District zone that would permit construction of a mixed-use development at that site. As part of its proposal, Lake Street Petoskey Associates also asked that the City consider participating in the costs of construction and operation of the below-ground, parking-structure facility that had been planned for the proposed project site.

In March, 2004, after the City Council had reviewed a recommendation from the Planning Commission that the City Council amend the City's zoning map to change designations of properties within the proposed project block and to enter into a proposed Planned Unit Development Agreement with Lake Street Petoskey Associates, the City Council asked the City Manager to review this matter. The City staff concluded that the capture of property taxes from increases in taxable values that would occur as a result of the proposed capital development by Lake Street Petoskey Associates, as well as a result of inflation, could be used to offset debt-service costs associated with acquiring a portion of planned parking facilities at the proposed Lake Street Petoskey Associates project site and for purchasing public-restroom facilities there. In addition, the City staff determined that, with the capture of these tax-increment revenues, perhaps in addition to grants that could be received through the State of Michigan and/or by a cooperative arrangement with the County of Emmet, long-planned, public-parking facilities also could be constructed at or near City-owned parking lots at Petoskey and Michigan Streets and on Lake Street near Division Street.

At a regular meeting of the Downtown Management Board on November 16, 2004, at which the City Manager explained conclusions of the City staff study concerning the proposal by Lake Street Petoskey Associates, which had been undertaken with assistance from various consultants to the City, the Downtown Management Board, to which the City Council has delegated responsibilities for operating the City's downtown-area parking system, asked

that the City Manager report to the City Council that the Downtown Management Board had conditionally endorsed the proposal by Lake Street Petoskey Associates and would consider assuming responsibilities for operating a portion of below-ground parking facilities at the development site, if the City Council decided that such facilities should be acquired.

Following a special-session City Council meeting on November 29, 2004, at which the recommendation of the Planning Commission and the proposal by Lake Street Petoskey Associates again was discussed, the City Manager reported that, following the November 16 meeting of the Downtown Management Board, the Downtown Development Authority Board Chairperson had scheduled a special-session meeting of the Downtown Development Authority Board for December 2, 2004, at which the Board would consider drafts of proposed tax-increment financing and development plans as were required by State statute provisions to determine if the Downtown Development Authority Board wished to present these proposed plans to the City Council for its consideration.

Following a special-session City Council meeting on November 29, 2004, at which the recommendation of the Planning Commission and the proposal by Lake Street Petoskey Associates again was discussed, the City Manager reported that, following the November 16 meeting of the Downtown Management Board, the Downtown Development Authority Board Chairperson had scheduled a special-session meeting of the Downtown Development Authority Board for December 2, 2004, at which the Board would consider drafts of proposed Tax-Increment Financing and Development Plans as required by State statute provisions to determine if the Downtown Development Authority Board wished to present these proposed plans to the City Council for its consideration.

At its special-session meeting of December 2, 2004, the Downtown Development Authority Board, after reviewing drafts of proposed tax-increment financing and development plans that had been prepared by the City staff, decided to recommend that the City Council approve the proposed tax-increment financing and development plans, as they had been drafted by the City staff, and with any non-substantive changes that might subsequently be deemed appropriate by the City staff and/or Miller, Canfield, Paddock and Stone, P.L.C., Detroit, the City's special legal counsel.

Then, on December 6, 2004, the City Council considered a draft ordinance that would confirm the City Council's approval of the Tax-Increment Financing Plan and the Development Plan, as had been recommended by the Downtown Development Authority Board on December 2, and as had been subsequently reviewed by attorneys at Miller, Canfield. Also on December 6, the City Council scheduled a special-session City Council meeting for December 27, 2004, at which a public hearing would be conducted to receive comments concerning the proposed tax-increment financing program.

Next, at its regular meeting of December 21, 2004, the Downtown Development Authority Board then adopted a resolution, as had been drafted by Miller, Canfield, that requested that the City Council issue bonds on behalf of the Downtown Development Authority Board and that declared projected tax-increment revenues.

At the special-session meeting on December 27, 2004, the City Council conducted a public hearing and received comments concerning the proposed Tax-Increment Financing Plan and the Development Plan that had been recommended by the Downtown Development Authority Board and adopted a resolution that confirmed enactment of Ordinance No. 693 to certify the City Council's approval and adoption of the Tax-Increment Financing Plan and the Development Plan as had been recommended by the Downtown Development

Authority Board and that provided notice of the City Council's intent to issue bonds on behalf of the Downtown Development Authority Board in an aggregate amount of up to \$10,600,000, the proceeds from which could be used to offset costs of downtown-area parking-system improvements and related amenities as included within the approved and adopted Tax-Increment Finance and Development Plans.

Both Ordinance No. 693 and the City Council's notice of intent were published on December 31, 2004. Ordinance No. 693 became effective on January 10, 2005, with its 30-day-long referendum-call period expiration set for January 26, 2005, and the 45-day-long notice-of-intent referendum-call period expiration set for February 14, 2005.

TAX-INCREMENT FINANCING PLAN

Plan Purpose. Section 11 of Act 197 provides that activities of the Downtown Development Authority may be financed through the proceeds of a tax-increment financing plan and Section 14 of Act 197 provides that: "When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality." Such a tax-increment financing plan must contain specific content as outlined in Section 14.

14(1) When the Authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, and the duration of the program, and shall be in compliance with section 15. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of captured assessed value, but the portion intended to be used by the Authority shall be clearly stated in the tax increment financing plan. The Authority or municipality may exclude from captured assessed value growth and property value resulting solely from inflation. The plan shall set forth the method for excluding growth and property value resulting solely from inflation.

Development Plan. Enclosed as part of this proposed tax-increment financing plan is a development plan as is required by Sections 14 and 17(2)(a) through 17(2)(p) of Act 197.

Tax-Increment Procedure. Included collectively as the "City of Petoskey Downtown Development Authority District Development Area" are proposed Area 1, Area 2, and Area 3, the boundaries of which are shown in relation to the boundaries of the Downtown Development Authority District in the attached Exhibit A:

Area 1 - Consists of existing properties within the block that is bounded by US-31 and Petoskey Street between Lake and Mitchell Streets that have been proposed for acquisition by Lake Street Petoskey Associates, L.L.C., Farmington Hills, for which Lake Street Petoskey Associates has requested an amendment to the City's zoning map to change designations of these properties from the current B-2 Central Business District zone to a PUD Planned Unit Development District zone that would permit development of a mixed-use project at this site, and as part of which the City would acquire from Lake Street Petoskey Associates, when the proposed redevelopment project was completed in its entirety and after Lake Street Petoskey Associates had been issued certificates of occupancy from the Emmet County Building Inspection Department for substantial portions of the proposed project, the lower-level portion of a below-ground, parking-structure facility and public-restroom facilities. The remainder of all non-City-owned facilities at the Lake Street Petoskey Associates development site would be subject to real- and personal-property-tax levies;

Area 2 - Consists of City-owned and -controlled and State-owned properties and rights-of-way bounded by the north right-of-way line of the City alley that connects Petoskey Street to the State-owned railroad right-of-way at approximately mid-block between Mitchell and Michigan Streets; the west line of the Howard Street right-of-way between the north right-of-way line of the alley, as it is extended, and the east line of the State-owned railroad right-of-way; the east line of the State-owned railroad right-of-way between Howard and Michigan Streets; the west line of the Petoskey Street right-of-way; and the north line of the Michigan Street right-of-way. Because these properties either are owned by the City or the State or held in trust by the City, they are currently, and would continue to be, exempt from levies of real- and personal-property taxes; and

Area 3 - Consists of City-owned and -controlled properties and right-of-way and County-owned properties that are bounded by the south line of the Lake Street right-of-way; the west line of the Division Street right-of-way; the south right-of-way line of the City-controlled alley right-of-way west of Division Street approximately mid-block between Lake and Mitchell Streets; and the City-owned, parking-lot property line east of and adjacent to 438 East Lake Street. Because these properties either are owned or held in trust by the City or are owned by the County, they currently are, and would continue to be, exempt from levies of real and personal property taxes.

The three areas - Area 1, Area 2, and Area 3 - collectively, would serve as the proposed Downtown Development Authority Development Area; however, only properties located within Area 1 would be eligible for levies of real- and personal-property taxes.

With the City Council's adoption of a proposed ordinance that would approve the tax-increment financing plan and development plan as recommended to the City Council by the Downtown Development Authority Board, taxable values of taxable properties within Area 1 would be "frozen" at the taxable values that existed on December 31, 2004, and would be considered the "initial taxable value."

The amount in any one year by which the then-current taxable values of properties within Area 1 exceed the initial taxable values of all real and personal properties within Area 1 would be the amount of tax-increment revenues that would be captured by the City.

Tax-increment revenues that would result from the capture of the difference between initial taxable values and then-current taxable values would be based upon the combined levies of the County of Emmet, Greenwood Cemetery, North Central Michigan College, and the City of Petoskey and would be transmitted to the City for use by the City's Downtown Development Authority.

Maximum Bonded Indebtedness and Its Duration. The maximum bonded indebtedness within this tax-increment financing plan is \$10,600,000, as shown on the attached Exhibit B. This Tax Increment Financing and Development Plan shall not expire prior to December 31, 2036.

Impact on Other Jurisdictions. The attached Exhibit C shows the estimated impacts of the proposed tax-increment financing program by the capture of tax-increment revenues based upon the levies of the County of Emmet, Greenwood Cemetery, North Central Michigan College, and the City.

Use of Captured Assessed Value. Project plans contemplate the use of revenues that would be captured by the proposed tax-increment financing program by the Downtown Development Authority, but the program could be modified based upon actual funding needs of the Downtown Development Authority as determined by the City Council.

Inflationary Growth. It is the intent to also capture taxable-value growth in property values that would result solely from inflation.

DEVELOPMENT PLAN

Plan Purpose. Section 17 of Act 197 requires a downtown development authority board to present to the municipality's governing board a development plan as part of a proposed tax-increment financing program: "When a board decides to finance a project in the downtown district by use of revenue bonds as authorized in Section 13 or tax increment financing as authorized in Sections 14, 15, and 16, it shall prepare a development plan." Such a development plan must contain specific content as outlined in Section 17.

17(2)(a) The designation of boundaries of the Development Area in relation to highways, streets, streams, or otherwise.

Boundary Designations. Shown on the attached Exhibit A are boundaries of the City of Petoskey Downtown Development Authority District that were designated by the City Council by enactment of Ordinance 642 on October 4, 1993. Within this Downtown Development District, also as shown on the attached Exhibit A, are three project sites, referenced as Area 1, Area 2, and Area 3, and collectively titled the "City of Petoskey Downtown Development Authority District Development Area." Boundaries of Area 1, Area 2, and Area 3, in relation to highways, streets, or otherwise, would be designated as:

Area 1 - Lake Street to the north, US-31 to the west, Mitchell Street to the south, and Petoskey Street to the east;

Area 2 - City-controlled alley mid-block between Mitchell and Michigan Streets to the north, Petoskey Street to the west, Michigan Street to the south, and the State-owned railroad right-of-way and Howard Street to the east; and

Area 3 - Lake Street to the north, the west property line of the City-owned Park Garden Parking Lot to the west, the City-controlled alley mid-block between Lake and Mitchell Streets to the south, and Division Street to the east.

17(2)(b) The location and extent of existing street and other public facilities within the Development Area and shall designate the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses and shall include a legal description of the development area.

Existing Streets and Other Public Facilities. Locations and extent of existing streets and other public facilities within the Development Area include:

Area 1 - Shown on the attached Exhibit D as Feature 1 is that portion of the unimproved Emmet Street right-of-way north of Mitchell Street adjacent to the US-31 Highway right-of-way; shown as Feature 2 is the east-west alley right-of-way that connects the unimproved Emmet Street right-of-way to Petoskey Street; and shown as Feature 3 is the City-owned public parking lot on the south side of Lake Street, approximately mid-block between US-31 and Petoskey Street;

Area 2 - Shown on Exhibit E as Feature 1 is the east-west alley right-of-way that connects Petoskey Street to the State-owned railroad right-of-way; shown as Feature 2 is the State-owned railroad right-of-way between Howard Street and Michigan Street; and shown as Feature 3 is the City-owned "Darling Parking Lot" bordered by Petoskey Street on the west, the east-west alley on the north, the State-owned railroad right-of-way on the east, and Michigan Street on the south; and

Area 3 - Shown on attached Exhibit F as Feature 1 is the City-owned parking lot referenced as the "Park Garden Parking Lot," south of Lake Street and east of 438 East Lake Street; shown as Feature 2 is the County-owned parking lot east of and adjacent to the City-owned Park Garden Parking Lot; shown as Feature 3 is the County-owned parking lot fronting Division Street; and shown as Feature 4 is the east-west alley right-of-way west of Division Street adjacent to the City-owned Park Garden Parking Lot and the two County-owned parking lots.

Existing Public Land Use, Location, Character, Extent. Locations and extent of public land and its character within the Development Area include:

Area 1 - Shown on the attached Exhibit D as Feature 1, the Emmet Street right-of-way, located at the west end of Area 1, is unimproved as a street, but is landscaped and serves as publicly-accessible open space; shown as Feature 2, the east-west alley, located within the center of Area 1, is paved with concrete and contains beneath it a water-service pipeline; shown as Feature 3 is a City-owned parking lot, located at the north end of Area 1, which occupies approximately 100 feet of frontage adjacent to the Lake Street south right-of-way line on the north and adjacent to the north alley right-of-way on the south, which is paved with asphalt and contains 35 designated parking spaces that are regulated by time-use parking meters;

Area 2 - Shown on attached Exhibit E, Feature 1 is the City-controlled alley right-of-way along the north end of Area 2, which is paved with asphalt and appears to be a lane within the adjacent City-owned parking lot; shown as Feature 2 is the City-owned Darling Parking Lot, which is paved with asphalt and contains 129 designated parking spaces that are regulated by time-use parking meters, and is adjacent to the Petoskey Street right-of-way on the west, the alley-right-of-way on the north, the State-owned railroad right-of-way on the east, and the Michigan Street right-of-way on the south; shown as Feature 3 is the State-owned railroad right-of-way along the east end of Area 2, which is primarily grass covered, though partially paved with asphalt to the west, and contains a single section of railroad track; and

Area 3 - Shown on attached Exhibit F as Feature 1 is the City-owned Park Garden Parking Lot, which is paved with asphalt and contains 52 designated parking spaces that are regulated with time-use parking meters and has two non-metered parking spaces that are designated as a loading area; Feature 2 is the County-owned parking lot adjacent to and east of the City-owned Park Garden Parking Lot, which is paved with asphalt and contains 21 designated, non-metered parking spaces; Feature 3 is the second County-owned parking lot adjacent to and east of the aforementioned County-owned parking lot that fronts Division Street, which is paved with asphalt and contains 36 designated, non-metered parking spaces; and Feature 4 is the City-controlled east-west alley.

Existing Private Land Use, Location, Character, Extent. Locations and extent of private land and its character within the Development Area include:

Area 1 - As shown on the attached Exhibit G as Parcels 1, 2, and 3, are properties that are owned by Northwestern Bank, Traverse City; Parcels 4 and 5, the former Gaslight Cinema building, has been purchased by Lake Street Petoskey Associates, L.L.C., Farmington Hills; Parcel 6 is the former William G. King Insurance Agency office building that is owned by Mary Louise Wooden; Parcel 7 contains the current Barnaby's Home Accents store and apartments owned by Barnaby's L.L.C.; Parcel 8 is the site of the recently-former Great Turtle Toy & Kite Company store and apartments owned by Earl Hamlin, III; Parcel 9 contains the building that houses the Northern Office Suppliers offices and showroom, as well as apartments, that is owned by the company; and Parcel 10 is used as a parking lot by Northern Office Suppliers and is owned by Louise T. and William J. Graham.

Area 2 - No private land exists within Area 2, which consists only of City-controlled and -owned and State-owned land.

Area 3 - No private land exists within Area 3, which consists only of City-controlled and -owned and County-owned land.

Proposed Public Land Use, Location, Character Extent. Public land use and character within the Development Area would include:

Area 1 - Only the portion of the existing Emmet Street right-of-way that would be needed to accommodate construction of a driveway and its associated facilities would be vacated at the west end of the project that has been proposed by Lake Street Petoskey Associates, L.L.C., and the entire length and width of the alley right-of-way that connects the Emmet Street right-of-way to Petoskey Street would be vacated to accommodate the project that has been proposed by Lake Street Petoskey Associates.

The City Council also would be requested to consider releasing City ownership of the combined parcels approximately 100 feet in width and approximately 135 feet in depth that front both Lake Street and the existing alley right-of-way that now are used as a public parking lot for a reduction of \$970,000 of the purchase price for the portion of the proposed underground parking structure that has been planned as part of the project by Lake Street Petoskey Associates and that would be acquired by the City at the conclusion of the entire project as proposed by Lake Street Petoskey Associates upon receipt of certificates of occupancy for the substantial portions of the proposed project as would be issued by the Emmet County Building Inspection Department.

The City then would own the below-ground level of the parking-structure facility that has been proposed as part of the Lake Street Petoskey Associates project that would be approximately 92,000 square feet in area and that would contain parking spaces for approximately 193 vehicles. This proposed parking-structure level would be owned and operated exclusively by the City as a public facility, apart from all other installations at the project site, with the exception of space that would be provided at no cost to the City by Lake Street Petoskey Associates at or near the plaza level of the proposed development that could accommodate the installation of public restrooms that would be owned and operated by the City as public facilities;

Area 2 - The proposed use of public land in Area 2 would include the conversion of the existing City-owned, surface-level parking lot, as well as possible portions of the existing City-controlled alley right-of-way and the State-owned railroad right-of-way for a two-level, three-level, or four-level, above-ground, parking-structure facility and accompanying facilities that could accommodate approximately 220 vehicle parking spaces within the two-level structure, 330 vehicle parking spaces within the three-level structure, and approximately 420 vehicle parking spaces within the four levels that would be owned and operated exclusively by the City as a public facility; and

Area 3 - The proposed use of public land in Area 3 would include the conversion of the existing City- and County-owned parking lots, as well as possibly portions of the City-controlled alley right-of-way for a single-level, above-ground, parking-deck facility and accompanying facilities that could accommodate approximately 218 vehicle parking spaces that could be owned and operated exclusively by the City or the County or jointly owned and operated by the City and County, and that also possibly could accommodate County-owned and -operated office and/or meeting space upon upper levels of the proposed parking structure.

Development Area Legal Description. Following is the legal description for the proposed Development Area, based upon individual descriptions of Area 1, Area 2, and Area 3:

Area 1 - Beginning at the point at which the south right-of-way line of Lake Street intersects with the west right-of-way line of Petoskey Street, thence westerly along the south right-of-way line of Lake Street to the south right-of-way line of US-31; thence southwesterly and south along the south right-of-way line of US-31 to the north right-of-way line of Mitchell Street; thence easterly along the north right-of-way line of Mitchell Street to the west right-of-way line of Petoskey Street; and thence northerly along the west right-of-way line of Petoskey Street to the place of beginning;

Area 2 - Beginning at the point at which the east right-of-way line of the State-owned railroad right-of-way intersects with the west right-of-way line of Howard Street; northerly along the west right-of-way line of Howard Street to the north right-of-way line of the east-west alley that lies approximately mid-block between Mitchell and Michigan Streets, as it is extended; thence westerly along the north right-of-way line of said alley right-of-way to its intersection with the east right-of-way line of Petoskey Street; thence southerly along the east right-of-way line of Petoskey Street to the north right-of-way line of Michigan Street; thence easterly along the north right-of-way line of Michigan Street to its intersection with the east right-of-way line of the State-owned railroad right-of-way; and thence northeasterly along the east right-of-way line of the State-owned railroad right-of-way to the place of beginning; and

Area 3 - Beginning at the point at which the south right-of-way line of Lake Street intersects with the west right-of-way line of Division Street; westerly along the south right-of-way line of Lake Street to the west property line of the City-owned parking lot east of and adjacent to 438 East Lake Street; thence southerly along the west property line of the City-owned parking lot to the south right-of-way line of the alley that lies approximately mid-block between Lake and Mitchell Streets; thence easterly along the south right-of-way line of said alley right-of-way to the west right-of-way line of Division Street; and thence northerly along the west right-of-way line of Division Street to the place of beginning.

17(1)(c) A description of existing improvements in the development area to be demolished, repaired, or altered, a description of any repairs and alterations; and an estimate of the time required for completion.

Improvements to be Demolished, Repaired, or Altered; Description of Repairs and Alterations, and Estimated Completion Times. Following are such descriptions and time estimates for Area 1, Area 2, and Area 3, with the notation that all demolition and alterations that would occur within Area 1 would be accomplished by Lake Street Petoskey Associates, L.L.C., after the firm obtained control of all properties within Area 1, except for the US-31 Highway right-of-way and portions of the Emmet Street right-of-way that would not be vacated to accommodate installation of a proposed driveway and its accompanying features at the west end of Area 1, with the City's involvement in the proposed project occurring only upon issuance of certificates of occupancy to Lake Street Petoskey Associates by the Emmet County Building Inspection Department for substantial portions of the project, and only for the purpose of acquiring the lower-level portion of the constructed below-ground, parking-structure facility and restroom facilities at or near the proposed

plaza level of the project; in the case of Area 2, such work would be accomplished by the City; and, in the case of Area 3, such work could be accomplished by the City, by the County, or jointly by the City and the County:

Area 1 - All demolition, repairs and/or alterations of existing improvements within Area 1 would be accomplished by Lake Street Petoskey Associates, L.L.C., without involvement by or costs to the City; alterations and repairs by Lake Street Petoskey Associates could be described as any and all of those that would be required to accomplish the project that has been proposed by Lake Street Petoskey Associates, with alterations and repairs to be accomplished by Lake Street Petoskey Associates without involvement by or costs to the City, until such time that the City purchases from Lake Street Petoskey Associates the lower-level portion of the proposed below-ground, parking-structure facility and restroom facilities that would be located at or near the plaza level of the proposed project; and, because the time that has been estimated by Lake Street Petoskey Associates to complete the proposed project is up to 24 months, involvement by and costs to the City for acquisition of the lower-level portion of the below-ground, parking-structure facility and restroom facilities at or near the plaza level of the proposed project would occur approximately two years following the start of the project that has been proposed by Lake Street Petoskey Associates;

Area 2 - All demolition, repairs, and/or alterations of existing improvements within Area 2 would be accomplished by the City; alterations and repairs could be described as those that would be necessary to accommodate construction of a proposed multi-floor, above-ground, parking-structure facility and its accompanying facilities, with a construction period estimated at up to 18 months in duration; and

Area 3 - All demolition, repairs, and/or alterations of existing improvements within Area 3 would be accomplished by the City, by the County, or jointly by the City and the County; alterations and repairs could be described as those that would be necessary to accommodate a single-level, above-ground, parking-deck facility and its accompanying facilities, perhaps with County-owned and -operated office and/or meeting facilities that would be located above the parking deck, without involvement by or cost to the City for such a portion of this proposed project, with a construction period estimated at up to 18 months in duration.

17(2)(d) The location, extent, character, and estimated cost of the improvements including rehabilitation contemplated for the redevelopment area and an estimate of the time required for completion.

Location, Extent, Character, and Estimated Cost of the Improvements; No Contemplated Rehabilitation, and Completion-Time Estimates. All proposed improvements would be located within Area 1, Area 2, and Area 3 and could consume most portions of those areas, all would include public-parking facilities, and cost estimates vary for acquisition of completed facilities and for construction of new facilities:

Area 1 - The proposed City-owned, lower-level portion of the below-ground, parking-structure facility that would be acquired by the City following completion of the project that has been proposed by Lake Street Petoskey Associates would be located beneath all other facilities that have been proposed by Lake Street Petoskey Associates and City-owned, public-restroom facilities that would be acquired by the City following completion of the project by Lake Street Petoskey Associates would be located at or near the plaza level of the project as proposed by Lake Street Petoskey Associates; no rehabilitation of facilities within Area 1 has been contemplated. The cost for the City's acquisition of the lower-level portion of below-ground, parking-structure facilities have been set at a total amount not to exceed \$5,282,042, with the City's costs for acquisition, or construction of improvements associated with public-restroom facilities, the space for which would be provided to the City by Lake Street Petoskey Associates at no cost, estimated at \$200,000;

Area 2 - The location of the proposed City-owned, multi-floor, above-ground, parking-structure facility, possibly with inclusion of public-restroom facilities, could consume all or portions of the existing City-owned Darling Parking Lot, the City-controlled alley right-of-way north of and adjacent to the Darling Parking Lot, and the State-owned railroad right-of-way east of and adjacent to the Darling Parking Lot; the character of the proposed improvement would be that of a multi-floor, above-ground, parking-structure facility, possibly with inclusion of public-restroom facilities, the design of which later would be undertaken, with consideration of constructing a two-level or three-level, parking-structure facility, but possibly constructing up to a four-level, parking-structure facility; with costs estimated at \$3,500,000 for the two-level structure, \$5,000,000 for a three-level structure, and \$6,00,000 for a four-level structure; and with an estimated time of completion of 18 months following the start of the project; and

Area 3 - The location of the proposed City-, County-, or City-County-jointly-owned, single-level, above-ground, parking-deck facility could consume all or portions of the City-owned Park Garden Parking Lot, the two adjacent County-owned parking lots, and the City-controlled alley right-of-way south of and adjacent to the City-owned Park Garden Parking Lot and the County-owned parking lots; the character of the proposed improvement would be that of a single-level, above-ground, parking-deck facility, possibly with the installation of County-owned and -operated office and/or meeting facilities on floors above the proposed parking-deck facility; with costs for the proposed single-level, parking-deck facility alone estimated at \$2,500,000; and with an estimated time of completion of up to 18 months following the start of the parking-deck-facility portion of the proposed project.

17(2)(e) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.

Construction Stages and Estimated Completion Times. Following are proposed construction stages and the estimated times for completing phases of construction that have been proposed for Area 1, Area 2, and Area 3:

Area 1 - The City would not be involved with or responsible for on-going costs associated with construction of elements of the project that has been proposed by Lake Street Petoskey Associates, but the City would purchase the lower-level portion of the below-ground, parking-structure facility that has been planned as part of the overall project or purchase public-restroom facilities at or near the plaza level of the project as proposed by Lake Street Petoskey Associates at the time when all elements of the project have been completed and when Lake Street Petoskey Associates has been issued certificates of occupancy by the Emmet County Building Inspection Department for substantial portions of the project; it is assumed that construction would not be phased, in that the entire project as proposed by Lake Street Petoskey Associates would be accomplished as a single project from the start of construction; Lake Street Petoskey Associates officials have estimated that the overall proposed project will require 24 months to be completed; therefore, it is assumed that the City's purchase of the proposed lower-level portion of the below-ground, parking-structure facility and public-restroom facilities would occur 24 months from the time of construction of the overall Lake Street Petoskey Associates project;

Area 2 - Construction of the multi-floor, above-ground, parking-structure facility at Area 2 should be undertaken after the proposed Lake Street Petoskey Associates project is completed and after the City has acquired and begun operating the lower-level portion of the below-ground, parking-structure facility at that project site so that the City's existing Darling Parking Lot would be available to provide parking spaces that could be needed with the loss of parking spaces at the proposed Lake Street Petoskey Associates project site during its construction; it is assumed that the proposed project could be accomplished in phases, with the initial phase consisting of construction of two or three levels of parking, with a secondary phase that would provide for the addition of one or two additional levels of parking; once construction began on the multi-floor, above-ground, parking-structure facility, it is estimated that up to 18 months could be required for its completion from the start of either construction phase; and

Area 3 - Because this proposed project would be undertaken as a cooperative venture with the County of Emmet, construction on the single-level, above-ground, parking-structure facility at Area 3 would be scheduled at a time that would be agreed upon by the City and County; depending upon the type of facility that would be constructed at Area 3 - that is, whether County-owned and -operated office and/or meeting space would be included above the proposed parking structure - it is assumed that the addition of County-owned and -operated office and/or meeting space would be accomplished in phases, with such an addition or additions following the initial phase of construction that would consist of constructing the single-deck, above-ground, parking-structure facility; and it has been estimated that up to 18 months might be needed from the start of the parking-deck-facility portion of the proposed project.

17(2)(f) A description of any parts of the development area to be left as open space and the use contemplated for the space.

Contemplated Open Space and Its Uses. Following are comments concerning the anticipated provisions of open space within Area 1, Area 2, and Area 3 and their potential uses:

Area 1 - No parts of the proposed lower-level portion of the below-ground, parking-structure facility and/or the public-restroom facilities that have been proposed for acquisition by the City from Lake Street Petoskey Associates following completion of the entire Lake Street Petoskey Associates project and the issuance to Lake Street Petoskey Associates of certificates of occupancy by the Emmet County Building Inspection Department for substantial portions of the project have been anticipated for use as open space;

Area 2 - Portions of Area 2 that would be used for the construction of a multi-level, above-ground, parking-structure facility would be decided based upon the design scheme that finally was selected; however, assuming that the existing City-controlled alley right-of-way within Area 2 was not used as part of the proposed parking-structure facility, it probably would remain open as a vehicle drive and/or pedestrian passage, and assuming that the State-owned railroad right-of-way within Area 3 was not used as part of the proposed parking-structure facility, it probably would remain open in its current condition or, if acquired from the State by the City, be improved as part of the linear extension of Pennsylvania Park that then would serve as a railroad and long-planned rail-trolley line, a non-motorized trail, and a pedestrian passage; and

Area 3 - Portions of Area 3 that would be used for the construction of a single-level, above-ground, parking-structure facility would be decided based upon the final design scheme that finally was selected; however, it is assumed that if the existing City-controlled alley right-of-way within Area 3 was not used as part of the proposed parking-deck facility, it probably would remain open as a vehicle and/or pedestrian passage.

17(2)(g) A description of any parts of the development that the Authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.

Development Area Use by City. No portions of Area 1, Area 2, or Area 3 are anticipated to be sold, donated, exchanged, or leased to or from the City by the Downtown Development Authority.

Possible Land Acquisition. It also is proposed that funds be held in reserve for potential land acquisition. If property were acquired by the Downtown Development Authority, it eventually would become an asset of the City and would be maintained by the City.

17(2)(h) A description of desired zoning changes and changes in streets, street levels, intersections, or utilities.

Potential Zoning, Streets, Intersections, and Utilities Changes. Following are potential changes or the lack of potential changes within Area 1, Area 2, and Area 3:

Area 1 - After considering the request of Lake Street Petoskey Associates, the Planning Commission has recommended that the City Council amend the City's zoning map to change designations of properties within Area 1 from the existing B-2 Central Business District zone to a PUD Planned Unit Development District zone, and this zoning-map amendment would be necessary for the project as proposed by Lake Street Petoskey Associates to proceed; there are no anticipated changes in nearby streets, street levels, or intersections as a result of the project that has been proposed for Area 1, except for those that might be required as a result of installing driveway openings, and to note that a left-turn lane could be installed along Mitchell Street approximately between Emmet and Petoskey Streets and that an automatic traffic signal at the Lake Street-Petoskey Street intersection later could be installed, in part the result of the project that has been proposed for Area 1, but costs for such changes would not be the responsibility of the Downtown Development Authority, except that the Downtown Development Authority Board could consider reimbursing the City for its costs for installing the proposed left-turn lane and/or the proposed automatic traffic signal; and any changes that might be required as a result of the project that has been proposed by Lake Street Petoskey Associates or by the City and other utility-service providers would not be the responsibility of the Downtown Development Authority;

Area 2 - No amendments to the City's zoning map are anticipated, so the existing B-2 Central Business District zone and the PR Park Reserve District zone designations within Area 2 would remain; there are no anticipated changes in streets, street levels, or intersections as a result of the project that has been proposed for Area 2, except for those that might be required as a result of installing driveway openings; and there are no anticipated changes in utilities as a result of the project that has been proposed for Area 2; and

Area 3 - No amendments to the City's zoning map are anticipated, so the existing B-2 Central Business District zone designation within Area 3 would remain; there are no anticipated changes in streets, street levels, or intersections as a result of the project that has been proposed for Area 3, except for those that might be required as a result of installing driveway openings; and there are no anticipated changes in utilities as a result of the project that has been proposed for Area 3.

17(2)(i) An estimate of the cost of development, a statement of the proposed method of financing the development, and the ability of the Authority to arrange the financing.

Estimated Project Costs, Financing Methods, and Financing Feasibilities. Following are cost estimates for projects that have been proposed for Area 1, Area 2, and Area 3, the methods for financing of these proposed projects, and comments concerning the abilities to arrange for financing of these proposed projects (use of certain financing mechanisms are presumed appropriate to fund projects that have been proposed for Area 1, Area 2, and Area 3, which would include proceeds from bond sales, State-issued grants, other City funding sources, and/or cost shares with the County of Emmet, but other methods also could be considered as potential means of financing acquisition or construction, which could include the pay-as-you-go method, by which captured increments would be used on a cash basis to avoid or to supplement borrowing; City assistance either as cash or loans from other City funds or in-kind contributions by the City that would or would not require

reimbursement from the Downtown Development Authority; and contributions from or financing through private-sector sources):

Area 1 - City costs for acquisition of the lower-level portion of the below-ground, parking-structure facility at the Lake Street Petoskey Associates development within Area 3 would not exceed \$5,282,042 and City costs for acquisition of finished public-restroom facilities within space that would be provided to the City at no cost by Lake Street Petoskey Associates at or near the plaza level that has been proposed as part of the overall project by Lake Street Petoskey Associates has been estimated at \$200,000; financing for the acquisition of the lower-level portion of the below-ground, parking-structure facility would be covered by proceeds from the City's sales of bonds, with debt-service-obligation costs associated with the proposed bond issue offset by income that would be derived from the City's capture of tax revenues that would result from increases in taxable value of property within Area 1 as a result of the successful completion of the project as proposed by Lake Street Petoskey Associates, and the same mechanism could be used for financing the City's acquisition of finished, public-restroom facilities, though other sources of City funding also could be considered for these specific costs; the City staff and the City's various consultants have concluded that the Downtown Development Authority and/or the City Council would have the ability to arrange for financing of proposed acquisition projects within Area 1 with use of bond-sale proceeds, the debt-service obligations for which could be satisfied using income from property-tax revenues that would result from increases in taxable values of property as a result of the project that has been proposed by Lake Street Petoskey Associates, and the City staff believes that other City funds also could be made available if necessary to offset costs of the City's proposed acquisition of finished, public-restroom facilities from Lake Street Petoskey Associates;

Area 2 - Costs for constructing a two-level, above-ground, parking-structure facility have been estimated at \$3,500,000; costs for construction of a three-level, above-ground, parking-structure facility have been estimated at \$5,000,000; and costs for a four-level facility have been estimated at \$6,000,000; in addition, the City staff could recommend that the public-restroom facilities also be included in or nearby the proposed parking-structure facility, but no cost estimates for such an addition have been calculated; financing for construction of the proposed parking-structure facility would be covered by proceeds from the City's sales of bonds, with debt-service obligation costs associated with the proposed bond issue offset by income that would be derived from the City's capture of tax revenues that would be derived from the City's capture of tax revenues that would result from increases in taxable value of property within Area 1 as a result of the successful completion of the project as proposed by Lake Street Petoskey Associates (the same mechanism could be used for financing construction of public-restroom facilities within or nearby the proposed parking-structure facility in Area 2), with costs of constructing the proposed parking-structure facility within Area 2 possibly offset by proceeds from grant-in-aid programs as administered by various agencies of the State of Michigan; the City staff and the City's various consultants have concluded that the Downtown Development Authority and/or the City Council would have the abilities to arrange for financing of construction projects within Area 2 with use of bond-sale proceeds, the debt-service obligations for which could be satisfied using income that would result from increases in taxable value of property as a result of the successful completion of the project that has been proposed by Lake Street Petoskey Associates at Area 1 (in addition, the City staff believes that other City funds also could be made available if necessary to offset costs for the possible construction of public-restroom facilities within or near the proposed parking-structure facility in Area 2), and proceeds

from grant-in-aid programs as administered by various agencies of the State of Michigan could be used to offset the City's direct costs for constructing the proposed multi-floor, above-ground, parking-structure facility at Area 2; and

Area 3 - Costs for construction of a single-level, above-ground, parking-deck facility have been estimated at \$2,500,000; as a joint project with the County of Emmet, it now is unknown what amount of proposed total project costs would be the responsibility of the City; the City's cost-share for construction of the proposed parking-deck facility could be covered by proceeds from the City's sales of bonds, with debt-service-obligation costs associated with the proposed bond issue offset by income that would be derived from the City's capture of tax revenues that would result from increases in taxable value of property within Area 1 as a result of the successful completion of the project as proposed by Lake Street Petoskey Associates; the City staff and the City's various consultants have concluded that the Downtown Development Authority and/or the City Council would have the ability to arrange for financing for construction of the proposed project within Area 3 with use of bond-sale proceeds, the debt-service obligations of which could be satisfied using income that would result from increases in taxable value of property as a result of the successful completion of the project that has been proposed by Lake Street Petoskey Associates at Area 1; a portion of costs would be offset by the cost share assumed by the County, and the City's proposed participation in this project within Area 3 could be expedited if the City was successful in reducing costs associated with constructing the multi-floor, above-ground, parking-structure facility at Area 2 by receipt of grant-in-aid assistance from various agencies of the State of Michigan so that City monies that would be saved on the project within Area 2 could be instead used to offset the City's cost share for the City-County-cooperative project that has been proposed for Area 3.

17(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 or for whose benefit the project is being undertaken if that information is available to the Authority.

Non-Applicability. Because no person or persons, natural or corporate, have been identified to whom facilities that have been proposed for acquisition or development at Area 1, Area 2, or Area 3 would be leased, purchased, or conveyed, this requirement is not applicable.

17(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 expressed or implied agreement between the Authority and the persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed in any manner to those persons.

Non-Applicability. Because no person or persons, natural or corporate, have been identified to whom facilities that have been proposed for acquisition or development at Area 1, Area 2, or Area 3 would be leased, purchased, or conveyed, this requirement is not applicable.

17(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 a 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, and 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.

Non-Applicability. Because no families or individuals would be displaced as a result of proposed projects within Area 1, Area 2, or Area 3; this requirement is not applicable:

17(2)(m) A plan for establishing priority for the relocation of persons displaced by the Development Area in any new housing in the Development Area.

Non-Applicability. Because no persons would be displaced as a result of the City's acquisition of facilities within Area 1, the City's construction of facilities within Area 2, or the City's participation in construction of facilities in Area 3, this requirement is not applicable.

17(2)(n) Provision 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 Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, being Public Law 91-646, 42 U.S.C. Sections 4601, et. seq.

Non-Applicability. Because no persons would be displaced as a result of the City's acquisition of facilities within Area 1, the City's construction of facilities within Area 2, or the City's participation in construction of facilities in Area 3, this requirement is not applicable.

17(2)(o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being Sections 213.321 to 213.332 of the Michigan Compiled Laws.

Non-Applicability. Because no persons or businesses would be displaced as a result of the City's acquisition of facilities in Area 1, the City's construction of facilities within Area 2, or the City's participation in construction of facilities in Area 3, this requirement is not applicable.

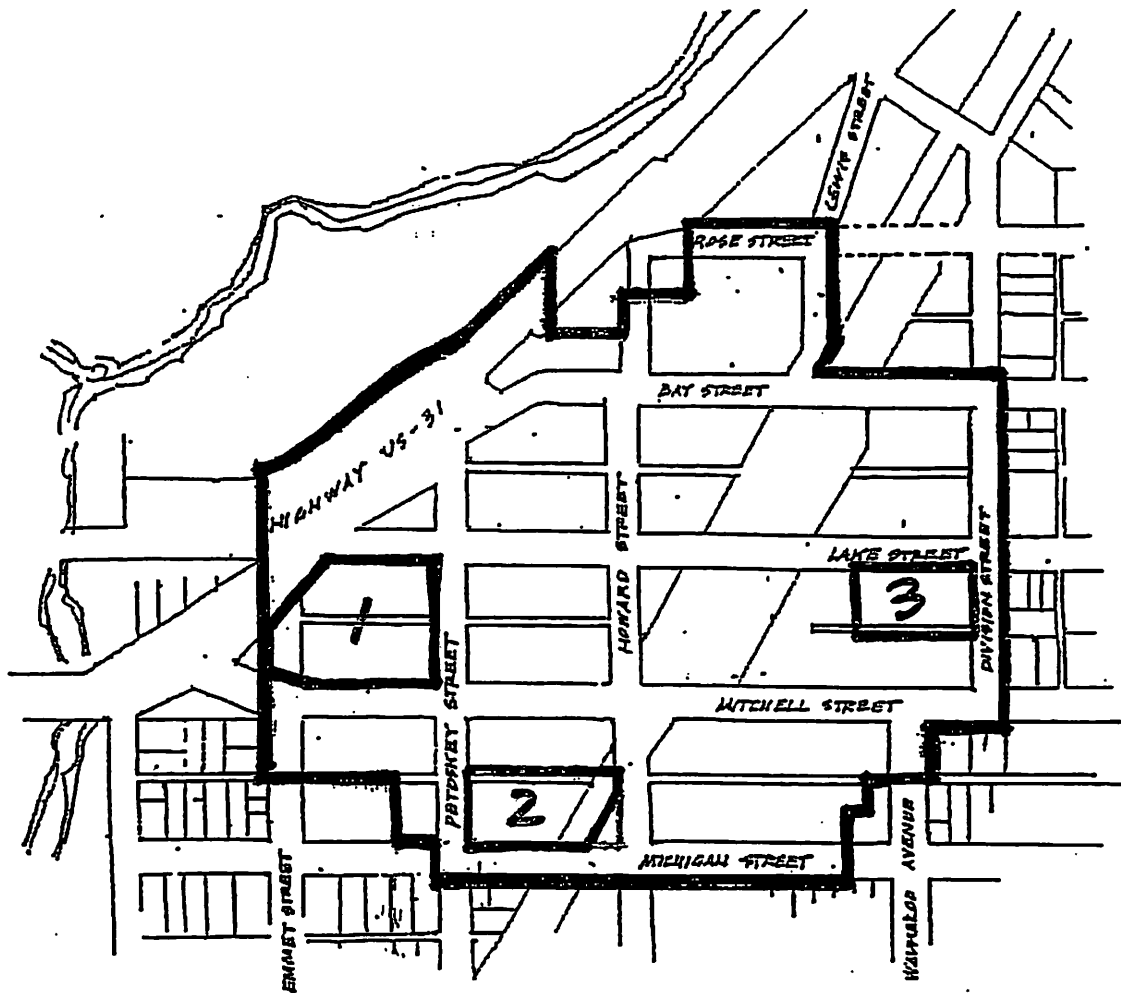
17(2)(p) Other material that the Authority, local public agency, or governing body considers pertinent.

No Additions. The Downtown Development Authority Board, other local agencies, or the City Council have not believed it necessary to include information in addition to materials presented herein.

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Drafted December 2, 2004; Revised January 3, 2005; Finalized February 15, 2005

EXHIBIT A



A

EXHIBIT B

TAX INCREMENT REVENUE USES
2005 THROUGH 2036

Fiscal Year	Debt Service Requirements				Projected Tax Increment Revenue	Difference
	Principal April. 1	Interest April. 1	Interest October. 1	Total		
2005	\$0	\$0	\$0	\$0	\$0	0
2006	0	0	0	0	727	727
2007	0	318,000	318,000	636,000	631,476	(4,524)
2008	0	318,000	318,000	636,000	651,146	15,146
2009	50,000	318,000	316,500	684,500	671,409	(13,091)
2010	75,000	316,500	314,250	705,750	692,278	(13,472)
2011	150,000	314,250	309,750	774,000	713,773	(60,227)
2012	150,000	309,750	305,250	765,000	735,914	(29,086)
2013	150,000	305,250	300,750	756,000	758,718	2,718
2014	200,000	300,750	294,750	795,500	782,207	(13,293)
2015	200,000	294,750	288,750	783,500	806,400	22,900
2016	250,000	288,750	281,250	820,000	831,319	11,319
2017	300,000	281,250	272,250	853,500	856,985	3,485
2018	300,000	272,250	263,250	835,500	883,422	47,922
2019	300,000	263,250	254,250	817,500	910,652	93,152
2020	300,000	254,250	245,250	799,500	938,698	139,198
2021	350,000	245,250	234,750	830,000	967,586	137,586
2022	350,000	234,750	224,250	809,000	997,341	188,341
2023	400,000	224,250	212,250	836,500	1,027,988	191,488
2024	400,000	212,250	200,250	812,500	1,059,555	247,055
2025	400,000	200,250	188,250	788,500	1,092,068	303,568
2026	450,000	188,250	174,750	813,000	1,125,558	312,558
2027	450,000	174,750	161,250	786,000	1,160,051	374,051
2028	450,000	161,250	147,750	759,000	1,195,580	436,580
2029	500,000	147,750	132,750	780,500	1,232,174	451,674
2030	500,000	132,750	117,750	750,500	1,269,867	519,367
2031	500,000	117,750	102,750	720,500	1,308,690	588,190
2032	600,000	102,750	84,750	787,500	1,348,677	561,177
2033	625,000	84,750	66,000	775,750	1,389,865	614,115
2034	700,000	66,000	45,000	811,000	1,432,288	621,288
2035	750,000	45,000	22,500	817,500	1,475,983	658,483
2036	750,000	22,500	0	772,500	1,520,990	748,490
	\$10,600,000	\$6,515,250	\$6,197,250	\$23,312,500	\$30,469,385	\$7,156,885

B

EXHIBIT C :

**PROJECTED CAPTURED TAXABLE VALUES AND PROPERTY TAXES
2005 through 2036**

Year	Estimated Taxable Value			City Of Petoskey					Emmet County		NCMC	Greenwood Cemetery	Total Captured
	Total	Initial Value	Captured Portion	General	R.O.W.	Library	Cleanup	Total City	Operating	Sr. Citizen			
2005	\$1,154,019	\$1,154,019	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2006	1,188,640	1,154,019	34,621	265	135	30	17	447	168	16	80	16	727
2007	31,224,299	1,154,019	30,070,280	230,038	117,274	25,860	15,035	388,207	145,841	14,133	69,162	14,133	631,476
2008	32,161,028	1,154,019	31,007,009	237,204	120,927	26,666	15,504	400,300	150,384	14,573	71,316	14,573	651,146
2009	33,125,859	1,154,019	31,971,840	244,585	124,690	27,496	15,986	412,756	155,063	15,027	73,535	15,027	671,409
2010	34,119,635	1,154,019	32,965,616	252,187	128,566	28,350	16,483	425,586	159,883	15,494	75,821	15,494	692,278
2011	35,143,224	1,154,019	33,989,205	260,017	132,558	29,231	16,995	438,801	164,848	15,975	78,175	15,975	713,773
2012	36,197,520	1,154,019	35,043,501	268,083	136,670	30,137	17,522	452,412	169,981	16,470	80,600	16,470	735,914
2013	37,283,446	1,154,019	36,129,427	276,390	140,905	31,071	18,085	466,431	175,228	16,981	83,098	16,981	758,718
2014	38,401,949	1,154,019	37,247,930	284,947	145,267	32,033	18,624	480,871	180,652	17,507	85,670	17,507	782,207
2015	39,554,008	1,154,019	38,399,989	293,760	149,760	33,024	19,200	495,744	186,240	18,048	88,320	18,048	806,400
2016	40,740,628	1,154,019	39,586,609	302,838	154,388	34,044	19,793	511,063	191,995	18,608	91,049	18,608	831,319
2017	41,962,847	1,154,019	40,808,828	312,188	159,154	35,096	20,404	526,842	197,923	19,180	93,860	19,180	856,985
2018	43,221,732	1,154,019	42,067,713	321,818	164,064	36,178	21,034	543,094	204,028	19,772	96,756	19,772	883,422
2019	44,518,384	1,154,019	43,364,365	331,737	169,121	37,293	21,682	559,834	210,317	20,381	99,738	20,381	910,652
2020	45,853,936	1,154,019	44,699,917	341,954	174,330	38,442	22,350	577,076	216,795	21,009	102,810	21,009	938,698
2021	47,229,554	1,154,019	46,075,535	352,478	179,695	39,625	23,038	594,835	223,466	21,656	105,974	21,656	967,586
2022	48,646,440	1,154,019	47,492,421	363,317	185,220	40,843	23,746	613,127	230,338	22,321	109,233	22,321	997,341
2023	50,105,834	1,154,019	48,951,815	374,481	190,912	42,099	24,476	631,968	237,416	23,007	112,589	23,007	1,027,988
2024	51,609,009	1,154,019	50,454,990	385,981	196,774	43,391	25,227	651,374	244,707	23,714	116,046	23,714	1,059,555
2025	53,157,279	1,154,019	52,003,260	397,825	202,813	44,723	26,002	671,362	252,216	24,442	119,607	24,442	1,092,068
2026	54,751,997	1,154,019	53,597,978	410,025	209,032	46,094	26,799	691,950	259,950	25,191	123,275	25,191	1,125,558
2027	56,394,557	1,154,019	55,240,538	422,590	215,438	47,507	27,620	713,155	267,917	25,963	127,053	25,963	1,160,051
2028	58,086,394	1,154,019	56,932,375	435,533	222,036	48,962	28,466	734,997	276,122	26,758	130,944	26,758	1,195,580
2029	59,828,986	1,154,019	58,674,967	448,863	228,832	50,460	29,337	757,494	284,574	27,577	134,952	27,577	1,232,174
2030	61,623,855	1,154,019	60,469,836	462,594	235,832	52,004	30,235	780,666	293,279	28,421	139,081	28,421	1,269,867
2031	63,472,571	1,154,019	62,318,552	476,737	243,042	53,594	31,159	804,533	302,245	29,290	143,333	29,290	1,308,690
2032	65,376,748	1,154,019	64,222,729	491,304	250,469	55,232	32,111	829,115	311,480	30,185	147,712	30,185	1,348,677
2033	67,338,051	1,154,019	66,184,032	506,308	258,118	56,918	33,092	854,436	320,993	31,106	152,223	31,106	1,389,865
2034	69,358,192	1,154,019	68,204,173	521,762	265,996	58,656	34,102	880,516	330,790	32,056	156,870	32,056	1,432,288
2035	71,438,938	1,154,019	70,284,919	537,680	274,111	60,445	35,142	907,378	340,882	33,034	161,655	33,034	1,475,983
2036	73,582,108	1,154,019	72,428,087	554,075	282,470	62,288	36,214	935,047	351,276	34,041	166,585	34,041	1,520,990
				\$11,099,561	\$5,658,600	\$1,247,794	\$725,462	\$18,731,417	\$7,036,977	\$681,934	\$3,337,123	\$681,934	\$30,469,385

Millage rates

City of Petoskey:

Operating	7.65000
Right of Way	3.90000
Library	0.86000
Cleanup	0.50000

County of Emmet:

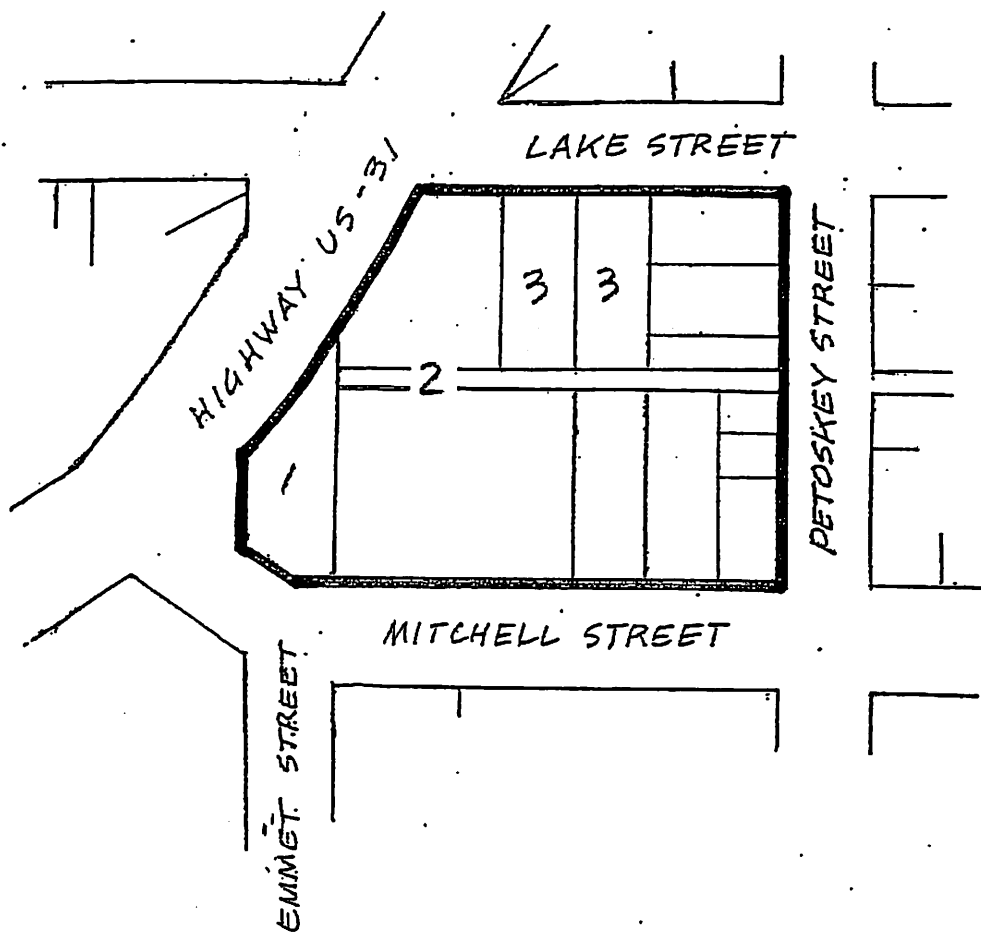
Operating	4.85000
Senior Citizens	0.47000
North Central Michigan College	2.30000
Greenwood Cemetery	0.47000

Total 21.00000

1. An inflation rate of 3% is added each year to the taxable value
2. In 2006 \$30,000,000 in taxable value is added as the completed project value.

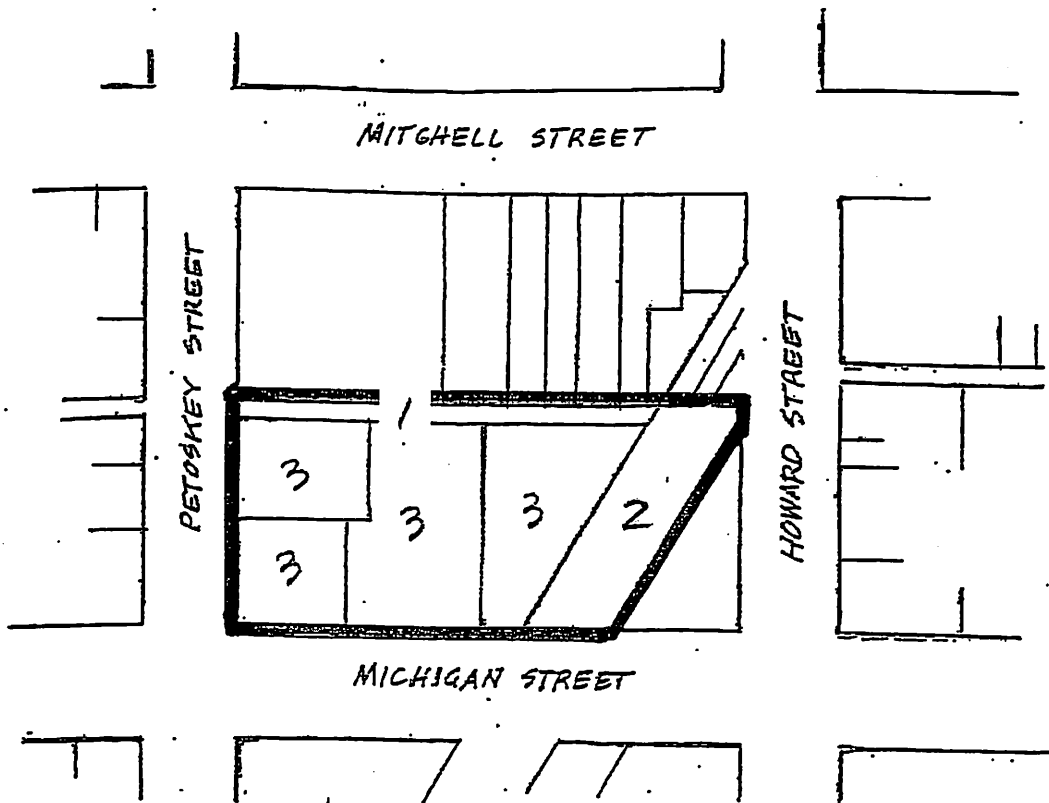
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EXHIBIT D



D

EXHIBIT E



E

EXHIBIT F

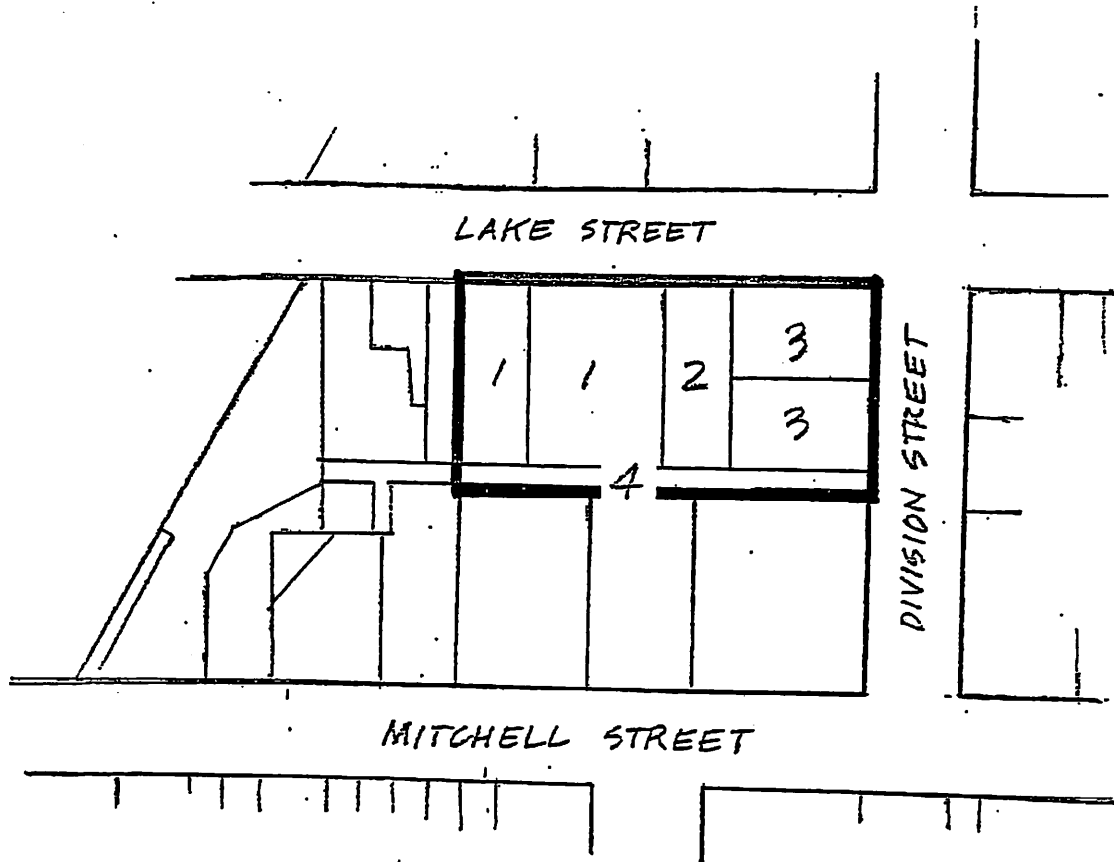
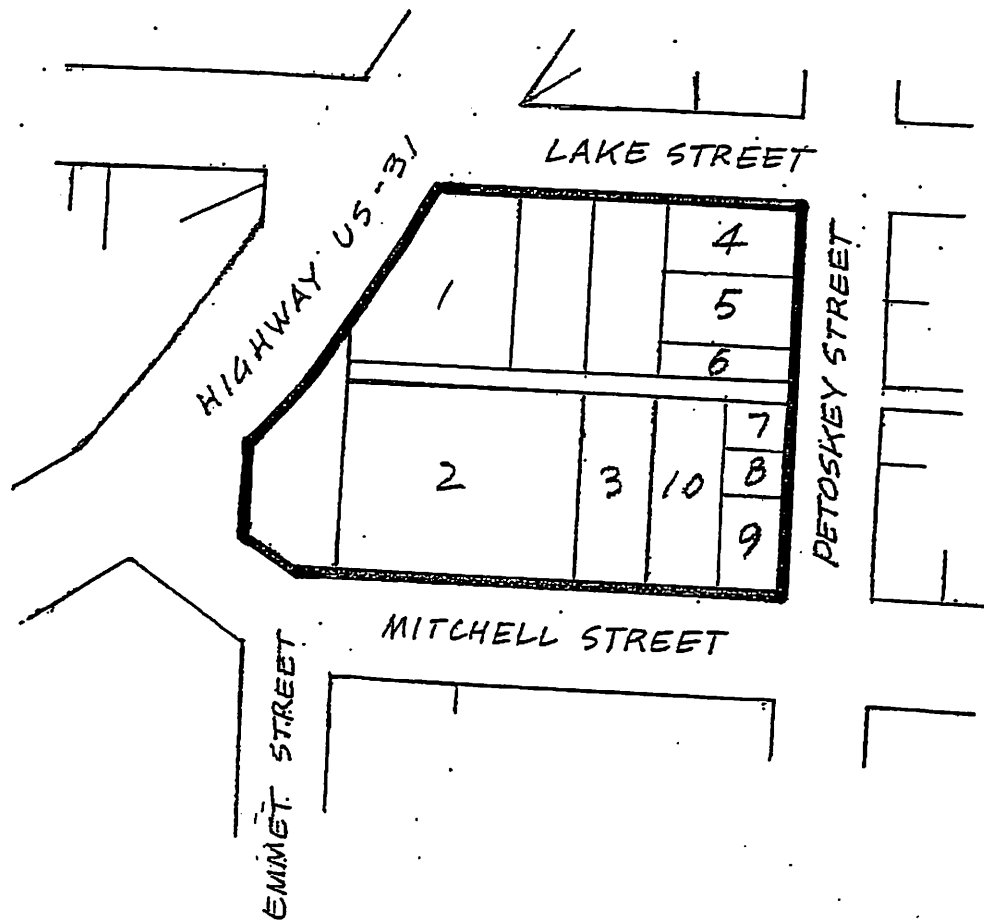


EXHIBIT G



G