

EXHIBIT A
SECOND AMENDMENT TO
THE MT. PLEASANT DOWNTOWN DEVELOPMENT AUTHORITY
MISSION STREET – PICKARD AVENUE DISTRICT DEVELOPMENT PLAN
AND TAX INCREMENT FINANCING PLAN

The Mt. Pleasant Downtown Development Authority (the “DDA”) hereby amends its Mission Street – Pickard Avenue District Development Plan and Tax Increment Financing Plan which was approved by the City Commission (the “City Commission”) of the City of Mt. Pleasant, Michigan (the “City”) pursuant to the provisions of Act 197, Public Acts of Michigan, 1975, as amended (the “Act”) and also pursuant to Ordinance No. 720 enacted by the City Commission on November 26, 1990, and amended by a First Amendment Adopted on June 25, 1993 (the “Plan”).

This Second Amendment to the Mission Street – Pickard Avenue District Development Plan and Tax Increment Financing Plan (the “Second Amendment”) was adopted by the DDA on August 4, 2010 and approved by the City Commission on Oct 25, 2010, by Ordinance No. 958.

References herein to the “Plan” shall mean the original Plan as amended by the Second Amendment and any previous amendments. References to “Development Plan” shall mean the Development Plan portion of the Plan and Tax Increment Plan shall mean the Tax Increment Financing Plan Portion of the Plan. Terms used in this Second Amendment shall have the definition set forth in the original Plan, as amended.

Section 1. Section III.B. of the Development Plan entitled “Planned Improvements” is amended to add the following paragraph:

The location, extent, character, and estimated cost of the improvements added to the Development Plan by this amendment are listed in the amendment to the Plan’s Appendix B attached to this Second Amendment. These Improvements will be located throughout the Development Area.

Section 2. Section III.C. of the Development Plan entitled “Construction Stages” is amended to add the following paragraph:

The stages for the construction of the improvements added to the Development Plan by the Second Amendment are listed in the amendment to the Plan’s Appendix B attached to this Second Amendment.

Section 3. Section III.E. of the Development Plan entitled, “Property to be Sold, Donated, Exchanged or Leased,” is amended to add the following paragraphs to the Development Plan with respect to the projects added by this Amendment:

The Improvements added to the Development Plan include the acquisition of property. Key properties, as determined by the Board of the DDA will be acquired pursuant to this amendment in order to further development and redevelopment in the Development Area. Property will not be acquired by eminent domain.

Properties acquired for development or redevelopment may be sold, donated, exchanged or leased after their acquisition by the DDA, as necessary or desirable to further the development or redevelopment. The terms of these transactions will be individually determined on a case by case basis at the time of the transaction in order that the terms can be designed to best further the particular development or redevelopment project. All property sales or other disposition of property will be approved by both the DDA Board and by the City Commission.

Section 4. Section III.G. entitled, "Estimated Cost of Development; Proposed Method of Financing; Ability to Arrange Financing" is amended to add the following paragraphs with respect to the improvements added to the Development Plan by this Amendment:

The total cost of the improvement added to the Development Plan is estimated to be \$5,950,000. The estimated cost of each particular improvement is indicated in the amendment to Appendix B of the Plan which is attached to this Amendment.

Section 5. Appendix B to the Plan is amended to add language to Appendix B attached to this Amendment regarding the improvements added to the Development Plan by this Amendment.

Section 6. The Tax Increment Financing portion of the Plan is amended in its entirety to read as follows:

TAX INCREMENT FINANCING PLAN

A. Detailed Explanation of the Tax Increment Procedure.

The Act permits the Mt. Pleasant Downtown Development Authority ("DDA") to undertake a broad range of activities which will promote economic growth and eliminate the causes of value deterioration in its business district. These activities include the adoption and implementation of a plan of development in the downtown district necessary to achieve the purposes of Act 197, Public Acts of Michigan, 1975, as amended (the "Act").

One of the DDA's means of implementing a plan of development is tax increment financing. A tax increment financing plan must be prepared, submitted to, and approved by the governing body of the municipality through an ordinance adopting a tax increment financing plan.

The purpose of tax increment financing is to capture tax revenues attributable to increases in value of real and personal property within the boundaries of the development area. The

increases in property value may be attributable to new construction, rehabilitation, remodeling, alterations, additions, inflation or other factors the assessor may deem appropriate.

Section 1(b) of the Act defines "assessed value" for valuations made before January 1, 1995 as state equalized value as determined under MCL 211.1 to 2111.155, and for valuations made after December 31, 1994 as taxable value as determined under MCL 211.27a. The most recently assessed values, as finally equalized by the State Board of Equalization, of all the taxable properties located within the boundaries of the development area (based on assessed values as of December 31, 1989) at the time the ordinance establishing the tax increment financing plan was approved became what is called the "initial assessed value." At the time the ordinance adopting the tax increment financing plan was approved, property exempt from taxation was given an initial assessed value of zero.

In each year after the tax increment financing plan was approved, the total assessed value of real and personal property within the boundaries of the development area is referred to as the "current assessed value." The difference between the current assessed value and the initial assessed value in each year is known as the "captured assessed value."

Each year tax increments will be captured from all local taxing jurisdictions whose taxes are eligible for capture under the Act. During the period the development plan and tax increment financing plan are in force, the local taxing jurisdictions continue to receive the full amount of tax revenue based on the initial assessed value. However, the portion allocable to the captured assessed value is transmitted to the DDA for use according to the tax increment financing plan. This portion is known as "tax increment revenue." The tax increment revenue will be used for the purposes set forth in this tax increment financing plan and, if bonds are issued to finance a project in the development plan, the tax increment revenues will be pledged to the repayment of such bonds.

The City of Mt. Pleasant (the "City"), the DDA and Isabella County (the "County") have entered into an Agreement to share captured taxable value dated June 11, 2008 (the "County Agreement"). Pursuant to the County Agreement, the DDA has agreed to share a portion of the captured assessed value with the County, in an amount equal to the portion of the County's voter approved millage for the Isabella County Commission on Aging (the "COA") approved at the November 2006 general election that is used to pay debt service on debt incurred for acquiring and constructing facilities for the COA. Pursuant to the County Agreement the City and the DDA have also agreed to share a portion of the captured assessed value with the County in an amount equal to the portion of the County's voter approved millage for the Isabella County Medical Care Facility (the "MCF") approved in 2002 that is used by the County to pay debt service on debt incurred for paying the costs of the addition to and remodeling of the MCF.

The amount of tax increment revenue to be transmitted to the DDA by the City and County Treasurers will be that portion of the tax levy of all taxing bodies, whose taxes are eligible for capture, paid each year on real and personal property in the project area on the captured assessed value. The City and the DDA may periodically set the capture rate at a rate less than the entire amount of tax increment revenue. The rate of capture is currently set at 28%. The DDA will expend the tax increments revenue received for the development program only

pursuant to this tax increment financing plan. Any surplus Tax Increment Revenues (as defined in Section F, below) shall revert proportionately to the respective taxing bodies.

This tax increment financing plan shall be administered in full compliance with Sections 14, 15 and 16 and all other provisions of the Act.

B. The maximum amount of bonded indebtedness to be incurred.

The maximum amount of bonded indebtedness to be incurred under this Tax Increment Financing Plan shall be \$20,000,000. Bonds issued under this Tax Increment Financing Plan may be issued in any form authorized under the Act.

C. The duration of the program.

The Tax Increment Financing Plan will remain in effect until December 31, 2017, except as the same may be modified from time to time by the City Commission of the City in accordance with the procedures required by the Act. Provided, however, the Tax Increment Financing Plan shall not terminate until the principal of, and interest on, bonds issued pursuant to Section 16 have been paid or funds sufficient to make the payment have been segregated.

D. Compliance with Section 15 of the Act. Section 14(1).

As referred to above, it is the intent of these plans to comply with Section 15 of the Act regarding tax increments, amount of tax increments, expenditure of tax increments, and submission of the tax increment financing report.

These revenues shall not be used to circumvent existing property tax limitations. The City Commission may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished. However, the tax increment financing plan shall not be abolished until the principal of, and interest on, bonds issued pursuant to Section 16 have been paid or funds sufficient to make the payment have been segregated.

Annually the DDA Board shall submit to the City Commission a report on the status of the tax increment financing account. The report shall include: the amount and source of revenue in the account; the amount and purpose of expenditures from the account; the amount of principal and interest on any outstanding bonded indebtedness; the amount in any bond reserve account; the initial assessed value of the project area; the captured assessed value retained by the DDA; the tax increments received; the number of jobs created as a result of the implementation of the Tax Increment Financing Plan; and any additional information the governing body considers necessary. The report shall be published in a newspaper of general circulation in the City.

It is recognized that the amount of tax increment revenue to be transmitted to the Authority by the City Treasurer and/or County Treasurer shall be that portion of the tax levy of all taxing bodies paid each year on the assessed value of real and personal property in the development area on the captured assessed value.

It is further recognized that tax increment revenues shall be expended by the DDA only in accordance with the provisions of this Tax Increment Financing Plan and that Surplus Tax Increment Revenues shall be returned to the local taxing jurisdictions.

E. 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 tax increment financing plan will in no way diminish the assessed values of property within the area boundaries. Local taxing jurisdictions will therefore, suffer no loss of current tax revenues.

For the period during which the tax increment financing plan is in effect, the assessed values of properties within the development area will effectively remain constant insofar as the local taxing jurisdictions are concerned. Any increase in property values will generate tax increment revenues which will be available only to the Authority during the duration of the plan unless excess funds are available and if available will be distributed proportionally to the taxing units.

It is anticipated that the development activities of the DDA, financed in whole or in part by tax increment revenues, will produce a positive material effect on the assessed values of property within and in the proximity of the development and will ultimately result in the eventual collection of greater real property tax revenues than would otherwise have been available.

Pursuant to Section 14(4) of the Act, the DDA shall fully inform the taxing jurisdiction within the development area subject to capture of the fiscal and economic implications of the proposed development.

Table 1 shows an estimate of the tax increment revenues that will be captured over the remaining term of the Plan and Table 2 shows a breakdown of the tax capture among the various taxing jurisdictions whose taxes are captured pursuant to this plan.

Table 1
Estimate of Tax Increment Revenues

<u>Plan Year</u>	<u>Initial Taxable Value</u>	<u>Current Taxable Value</u>	<u>Captured Taxable Value</u>	<u>Tax Increment Revenue</u>	<u>Cumulative Revenue</u>
2006 ¹	\$31,136,500	\$56,783,438	\$25,646,938	\$351,277	
2007 ¹	31,136,500	59,845,499	28,708,999	394,210	745,488
2008 ¹	31,136,500	61,364,222	30,227,722	424,579	1,170,067
2009 ²	31,136,500	62,898,328	31,761,828	450,186	1,620,253
2010 ²	31,136,500	64,470,786	33,334,286	461,443	2,081,696
2011 ²	31,136,500	66,082,555	34,946,055	472,979	2,554,675
2012 ²	31,136,500	67,734,619	36,598,119	484,804	3,039,479
2013 ²	31,136,500	69,427,985	38,291,485	246,745 ³	3,286,224
2014 ²	31,136,500	71,163,684	40,027,184	252,915	3,539,139
2015 ²	31,136,500	72,942,776	41,806,276	259,237	3,798,376
2016 ²	31,136,500	74,766,346	43,629,846	265,718	4,064,094
2017 ²	31,136,500	76,635,505	45,499,005	272,362	4,336,456

¹ Based on actual values

² Assumes a growth in taxable value of 2.5%

³ Reduction in tax increment revenue due to the elimination of school tax capture

Table 2
 Estimate of Tax Capture by Taxing Jurisdiction

Tax Year ¹	City	Mt. Pleasant Schools ²	State Education Tax	Chippewa River District Library ³	Gratiot Isabella ISD	Isabella County	Isabella County MCF	Isabella County COA	ICTC	Total
2006	\$95,667	\$124,750	\$42,590	\$0	\$30,237	\$45,512	\$0	\$6,190	\$6,331	\$351,277
2007	107,328	140,139	47,734	0	33,923	51,059	0	6,926	7,103	394,210
2008	128,497	135,086	50,285	0	35,751	53,811	7,485	5,406	8,258	424,579
2009	131,710	138,463	51,543	14,993	36,644	55,156	7,672	5,541	8,464	450,186
2010	135,003	141,925	52,832	15,368	37,560	56,535	7,864	5,680	8,676	461,443
2011	138,378	145,473	54,153	15,752	38,499	57,948	8,061	5,822	8,893	472,979
2012	141,837	149,110	55,507	16,146	39,461	59,397	8,263	5,968	9,115	484,804
2013	145,383	0	0	16,550	0	60,882	8,470	6,117	9,343	246,745
2014	149,018	0	0	16,964	0	62,404	8,682	6,270	9,577	252,915
2015	152,743	0	0	17,388	0	63,964	8,899	6,427	9,816	259,237
2016	156,562	0	0	17,823	0	65,563	9,121	6,588	10,061	265,718
2017	160,476	0	0	18,269	0	67,202	9,349	6,753	10,313	272,362

¹ The numbers for tax years 2006 through 2008 are based on actual numbers. Numbers for 2009 through 2017 assume a growth in taxable value of 2.55.

² The DDA captures tax increment revenues from the Mt. Pleasant Schools, the State Education Tax and the Gratiot/Isabella Intermediate School District in order to pay the debt service on the City of Mt. Pleasant Limited General Obligation Tax Increment Development Bonds, Series 1992 (the "Bonds"), which are eligible obligations under the Act. Revenues in excess of what is necessary to pay the debt service on the Bonds is returned to these taxing jurisdictions. Upon the retirement of the Bonds, the DDA will no longer capture school taxes.

³ When the Chippewa River District Library ("CRDL") was formed in 1998, the DDA agreed not to capture the CRDL's millage for a period of 10 years. Tax capture for the CRDL millage begins in 2009.

F. Provision for use of part or all of the captured assessed value, particularly the portion to be used by the DDA.

Under this tax increment financing plan, the entire tax increment amount may be utilized by the DDA. The City and the DDA may periodically set the capture rate at a rate less than the entire amount of tax increment revenue. The rate of capture is currently set at 28%.

The tax increment revenue paid to the DDA by the City and County treasurers is to be disbursed by the DDA from time to time in such manner as the DDA may deem necessary and appropriate in order to carry out the purposes of the Development Plan, including, but not limited to, the following:

- The principal, interest, and reserve payments required for any bonded indebtedness to be incurred in its behalf for purposes provided in the Development Plan.
- Cash payments for initiating and completing any improvement or activity called for in the Development Plan.
- Cash payments for professional fees incurred by the DDA in connection with its operation and in the planning and implementation of projects provided for in this Plan.
- Cash payments to public or private entities for services rendered in drafting and developing grant applications.
- Payments to the City to reimburse the City for services, materials and other assistance provided to the DDA.
- Any annual operating deficits that the DDA may incur from acquired and/or leased property in the development area.
- Payments of principal and interest on any sums that the DDA should borrow before or during the construction of any improvement or activity to be accomplished by the development plan, after approval by the City Commission of the City.
- Payments required to establish and maintain a capital replacement reserve.
- Payments required to establish and maintain a capital expenditure reserve.
- Payments of the costs of any additional improvements to the development area that are determined necessary by the DDA and approved by the City Commission of the City.

The DDA may modify its priority of payments at any time if within its discretion such modification is necessary. The DDA shall reimburse the City general fund from tax increment

revenues any costs incurred by the City for implementation of this Plan which the City requests to have reimbursed.

Instead of financing a project, the DDA may accumulate funds that it receives from tax capture in order to build up a fund balance that is sufficient to pay the cost of a project. To the extent that the tax increment revenues of the DDA in any one year exceed the sum necessary for the DDA to implement the projects listed in the Development Plan to meet the commitments and payments as set forth above ("Surplus Tax Increment Revenues"), such Surplus Tax Increment Revenues shall revert proportionately to the respective taxing bodies as provided in Section 15(2) of the Act.

Section 7. Except as provided in this Second Amendment, the original Plan, as amended, is ratified and confirmed.

APPENDIX B

SECOND AMENDMENT PROJECTS

IMPROVEMENT/PROGRAM	LOCATION	CHARACTER/EXTENT	COST	ESTIMATED COMPLETION
Property Acquisition	Along Mission, south of High and elsewhere within the Development Area.	Acquire key properties for development and redevelopment purposes, and to advance Mission pedestrian and traffic safety improvements, as determined by the DDA Board. Property acquired pursuant to the project will not be acquired by eminent domain.	\$1,300,000	2025
Streetscape Improvements	Along Mission and Pickard and elsewhere within the Development Area.	Streetscape improvements will be made throughout the Development Area. These improvements may include landscaping, plantings, tree trimming, repairing walkways, reworking and replacing brick pavers, repairing tree planters, lighting improvements replacement and acquisition of outdoor furniture and fixtures, acquisition of banners, holiday building lights, holiday decorations, public art, tree lighting and wiring, and such other work related to streetscape as the DDA Board may approve.	\$500,000	2025

<p>Utility Improvements</p>	<p>At locations within the Development Area.</p>	<p>Improvements will be made to public utilities, including water, sanitary sewer and storm sewer throughout the Development Area. These improvements may include, but are not limited to repair, replacement and extension of these utilities in the Development Area and such other work related to the utilities as the DDA Board may approve.</p>	<p>\$600,000</p>	<p>2025</p>
<p>Redevelopment Projects</p>	<p>At locations within the Development Area.</p>	<p>The DDA may share tax increment revenues with the City of Mt. Pleasant Brownfield Redevelopment Authority (the "BRA") or contribute funds to BRA projects in order to assist with the remediation and redevelopment of Brownfield sites in the Development Area. Alternatively the DDA may undertake remediation and redevelopment activities on contaminated or obsolete properties directly.</p>	<p>\$800,000</p>	<p>2025</p>
<p>Facade Improvement and Site Enhancement Assistance Program</p>	<p>Along Mission north of High and elsewhere within the Development Area.</p>	<p>A Facade Improvement and Site Enhancement Assistant Program will be implemented. The programs will encourage the renovation and improvement of front and rear facades, construction and repair of</p>	<p>\$750,000</p>	<p>2025</p>

		<p>sidewalks in the public right-of-way and between buildings, and the city sidewalk, installation of bike racks, removal of non-conforming signs, and installation of decorative fencing in the Development Area. This project includes working with business owners and property owners within the Development Area to make improvements that conform to specific rehabilitation guidelines established by the DDA. These improvements may be facilitated by the purchase easements, leasehold interests or other interests in front, side or rear facades and other improvements in conjunction with agreements that require the property owner to make improvements and maintain them.</p>		
<p>Pedestrian and Traffic Safety Improvements</p>		<p>The DDA will complete projects to improve pedestrian and vehicle safety in the Development Area. These projects may include improvements to the street infrastructure, including creation of a Mission Street grid system, traffic signals, intersection improvements, additional street construction, pedestrian facilities and similar</p>	<p>\$1,500,000</p>	<p>2025</p>

Access Management	At locations within the Development Area	<p>construction projects. The improvements may occur in existing public rights-of-way or in properties that the DDA acquires ownership, easement, or other interest.</p> <p>Control curb cuts through the development of shared off-site parking lots; coordinate parking lot layouts and shared driveways; provide financial assistance to close or combine existing curb cuts; and/or reserve a service drive easement and provide financial assistance for the construction of service drives in development and redevelopment areas.</p>	\$500,000	2025
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The projects listed in this Plan shall include all necessary legal, engineering, architectural and other professional fees, the cost of the DDA to develop and administer the projects and may include such other improvements as the DDA Board determines to be necessary, incidental to, or desirable in connection with the projects set forth above. The DDA Board shall have the authority to undertake the Second Amendment Projects in such order as it determines and as funds are available to do so. The Board and the City Commission may decide to alter the timetable of these projects.