



The CITY of SALINE

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April 23, 2001

The following was taken from the minutes of the Regular Meeting of the Saline City Council held on April 16, 2001:

01-53 THIRD AMENDMENTS TO DEVELOPMENT PLAN AND TAX INCREMENT
ADMIN FINANCING PLAN FOR LDFA#1 (SHELTON INDUSTRIAL PARK)

MOVED Roberts SECONDED Girbach to acknowledge receipt of the April 10, 2001 memo from Finance Director Bourgoin regarding Third Amendments to LDFA #1 (Shelton Industrial Park) Development Plan and Tax Increment Financing Plan.

AYES: Driskell, Girbach, Herbert, Martin, Roberts, Smilde

NAYS: None

ABSENT: Kuss

MOTION CARRIED.

Opportunity for Taxing Units to be heard: No Comments

MOVED Roberts SECONDED Girbach to open the public hearing.

AYES: Driskell, Girbach, Herbert, Martin, Roberts, Smilde

NAYS: None

ABSENT: Kuss

MOTION CARRIED.

Public Comments: None

MOVED Roberts SECONDED Girbach to close the public hearing.

AYES: Driskell

NAYS: None

ABSENT: Kuss

MOTION CARRIED.

01-53 Continued

MOVED Roberts SECONDED Smilde to **approve and adopt** the Resolution Approving Third Amendments to Development Plan and Tax Increment Financing Plan for the Shelton Industrial Park.

AYES: Driskell, Girbach, Herbert, Martin, Roberts, Smilde

NAYS: None

ABSENT: Kuss

MOTION CARRIED.

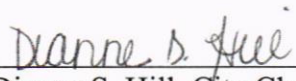
MOVED Girbach SECONDED Roberts to acknowledge receipt of the April 10, 2001 memo from Finance Director Bourgoin regarding Agreement Respecting Obligation to Make Payments from Tax Increment Revenues of LDFA District #1 (Shelton Industrial Park); to **approve** the Agreement Respecting Obligation to Make Payments from Tax Increment Revenues and to **authorize** the Mayor and Clerk to execute said Agreement.

AYES: Driskell, Girbach, Herbert, Martin, Roberts, Smilde

NAYS: None

ABSENT: Kuss


MOTION CARRIED.



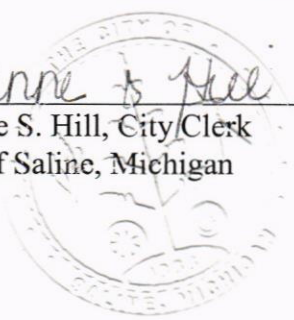
Dianne S. Hill, City Clerk

CERTIFICATE

I hereby certify that the foregoing is a true and complete copy of Resolutions adopted by the City Council of the City of Saline, County of Washtenaw, State of Michigan, at a regular meeting held on April 16, 2001, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.



Dianne S. Hill, City Clerk
City of Saline, Michigan



RESOLUTION APPROVING THIRD AMENDMENTS TO DEVELOPMENT PLAN AND
TAX INCREMENT FINANCING PLAN FOR THE SHELTON INDUSTRIAL PARK

Minutes of a regular meeting of the City Council of the City of Saline, County of Washtenaw, State of Michigan (the "City"), held in the City Hall in said City on the 16th day of April, 2001, at 7:30 o'clock p.m., Eastern Daylight Time.

PRESENT: Members Gretchen Driskell, Dean Girbach, Charles Herbert,
Phyllis Martin, Karilyn Roberts, Alicia Smilde

ABSENT: Members Richard Kuss

The following preamble and resolution were offered by Member Roberts and supported by Member Smilde :

WHEREAS, the City of Saline (the "City") pursuant to the provisions of Act 281, Public Acts of Michigan, 1986, as amended ("Act 281") has created the Local Development Finance Authority of the City of Saline (the "Authority"); and

WHEREAS, the Authority has the power to implement plans of development necessary to create jobs, eliminate the causes of unemployment and under-employment, and to promote economic development; and

WHEREAS, the Authority wishes to further develop the area known as Shelton Industrial Park for the purposes approved by Act 281; and

WHEREAS, on November 23, 1987, following a public hearing on the question, the City Council of the City approved a Development Plan and Tax Increment Financing Plan (the "Plan"); and

WHEREAS, in 1990 following a public hearing on the question, the City Council of the City approved amendments to the Plan (the "First Amendments"); and

WHEREAS, in 1992 following a public hearing on the question, the City Council of the City approved further amendments to the Plan (the "Second Amendments"); and

WHEREAS, the Authority has determined that, in order to further develop the Shelton Industrial Park, it is necessary to further invest in water, sewer, rail, street and land preparation improvements to promote development in the Shelton Industrial Park development district; and

WHEREAS, in order to accomplish these improvements, the Authority has found it necessary

to again amend the Plan, as amended by the First Amendments plus the Second Amendments, and to submit such Third Amendments to the development plan and tax increment financing plan to the City Council for consideration following a public hearing to be called with respect to such proposed amendments; and

WHEREAS, a public hearing has been held on April 16, 2001 on the development plan and tax increment financing plan, with the proper notices having been made pursuant to the requirements of the statute.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1. The City hereby determines that the Third Amendments are reasonable and necessary for the achievement of the purposes of Act 281, that they constitute a public purpose, that they meet the requirements of the statutes, that the proposed method of financing is feasible, that they are in reasonable accord with the approved master plan of the City of Saline, and that public services will be adequate to service the development area.

2. The Third Amendments are hereby approved and adopted.

3. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members Driskell, Girbach, Herbert, Martin, Roberts, Smilde

NAYS: Members None

ABSENT: Members Kuss

RESOLUTION DECLARED ADOPTED.

Dianne S. Hill
Dianne S. Hill, Saline City Clerk

I hereby certify that the foregoing is a true and complete copy of a Resolution adopted by the City Council of the City of Saline, County of Washtenaw, State of Michigan at a regular meeting held on April 16, 2001, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

Dianne S. Hill
Dianne S. Hill, Saline City Clerk

ccLDFA#1-res

ATTACHMENT A

THIRD AMENDMENTS TO DEVELOPMENT PLAN AND TAX INCREMENT FINANCING PLAN FOR THE SHELTON INDUSTRIAL PARK

The Introduction to the Development Plan and Tax Increment Financing Plan for Shelton Industrial Park is hereby amended to add the following paragraph:

The particular Authority District which has been established as Shelton Industrial Park (LDFA District #1) is designated as a business development area. The legal description, along with a map of the Shelton Industrial Park, is shown in Exhibit A.

Section 15(2)(d) of the Development Plan is hereby amended to add the following paragraphs:

The City will also undertake street improvements, vacant land preparation, water main improvements and sewer trunk line enlargement and rail crossing improvements, paid for in part from tax increments derived from the Facilities. The System improvements are to meet the additional strains on these systems caused by the increase in usage from industrial users in the Shelton Industrial Park.

These projects include reconstruction of Industrial Drive, a share of the cost for a rail crossing on Industrial Drive, a share of the US12/Bemis/Keveling Drive intersection project (both streets and water mains), Barnes Court water main looping and a share of East Belt sewer trunk enlargement. These projects will be completed by December, 2005.

Section 15(2)(e) of the Development Plan is hereby amended to add the following paragraphs:

Other projects to be completed are reconstruction of Industrial Drive, a share of the cost for a rail crossing on Industrial Drive, a share of the US12/Bemis/Keveling Drive intersection project (both streets and water mains), Barnes Court water main looping and a share of East Belt sewer trunk enlargement. These projects will be completed by December, 2005. Land preparation improvements to encourage industrial location in the industrial park will include public domain items such as roads, water, sanitary sewer, storm drains and street lighting, on-site retention and other site preparation.

The total cost of these other projects borne by the tax increment revenues derived from the Shelton Industrial Park is estimated to be \$1,020,000 and will be completed by 2005.

Section 15(2)(f) of the Development Plan is hereby amended to add the following paragraphs:

It is anticipated that the street improvements in the area of the intersection near US12/Bemis/Keveling/Maple will be completed (including water main relocation) by 2003. The enlargement of the East Belt trunk sewer is also anticipated to be completed by 2003. The rail crossing on Industrial Drive and the water main looping at Barnes Court are expected to be completed by 2004. The reconstruction of Industrial Drive is expected to be completed by December 2005.

Section 15(2)(i) of the Development Plan is hereby amended to add the following:

The estimated cost of additional public facilities is \$1,020,000 and the estimated cost of each facility is as follows:

East Belt, sewer trunk enlargement	\$307,800 (cost share)
Barnes Court, water main looping	\$ 6,000
Industrial Drive, Street Reconstruction	\$570,000
Industrial Drive, rail crossing	\$ 50,000 (cost share)
Intersection US12/Bemis/Maple/Keveling, water main	\$ 16,200 (cost share)
Intersection US12/Bemis/Maple/Keveling, street improvement	\$ 70,000 (cost share)
Shelton Industrial Park industrial land preparation	\$100,000

The proposed method of financing these additional public facilities is as follows:

1. The City is issuing bonds of which approximately \$1,020,000 are on behalf of the Authority as described below and the city will construct the public facilities.
 - a. \$3,000,000 for Street Projects as part of \$6,040,000 UTGO Bonds, dated as of February 1, 2001.
 - b. \$1,500,000 for Water Supply and Sewage Disposal System Projects, as part of \$6,040,000 Bonds, dated as of February 1, 2001.
2. The Authority will enter into a contract with the City to acquire and construct the public facilities financed with the City's bonds and to repay the City the costs of the issuance of bonds on its behalf.
3. The land preparation improvements estimated at \$100,000 will be paid directly from tax increment revenues to encourage industrial location in the industrial park.

Section 12(2)(a) of the Tax Increment Financing Plan is hereby amended to add the following paragraph:

Improving the transportation, water and sewer servicing of Shelton Industrial Park is necessary to encourage further location of industries in the industrial park. Plastechs on Barnes Court has only partially expanded its facility and is awaiting the looping of the water main before it can continue to enlarge its manufacturing facility. Land preparation activities also encourage further location of industries in the industrial park.

Section 12(2)(e) of the Tax Increment Financing Plan is hereby amended to read in its entirety as follows:

The maximum amount of note or bond indebtedness (including the debt share of borrowing by the City on behalf of the Authority) is \$7,000,000. The ability of the Authority to finance the bonded indebtedness is demonstrated in Exhibits C-1 through C-2B.

Section 12(2)(f) of the Tax Increment Financing Plan is hereby amended to read in its entirety as follows:

The amount of operating and planning expenditures but not indebtedness of the Authority and the City in connection with the activities of the Authority is estimated to be \$60,000 per year. See the entries under 15(2)(i) for the indebtedness incurred by the City to be repaid from tax increment revenues.

Section 12(2)(g) of the Tax Increment Financing Plan is hereby amended to read in its entirety as follows:

It is anticipated that much of the costs of the implementation of the Development Plan will be paid from bond proceeds as described in the Development Plan. Some of the project costs, plus operating and planning expenditures of \$60,000 per year, will be paid from tax increment revenues as received.

Section 12(2)(h) of the Tax Increment Financing Plan is hereby amended to read in its entirety as follows:

The development plan and the tax increment financing plan are to continue for the period of time needed to collect and disburse tax increments resulting from taxes levied prior to December 31, 2021, or such shorter period as may be needed to pay and retire the bonds of the City or any tax increment bonds issued by the Authority pursuant hereto.

Exhibit B and Exhibit C attached to the Development Plan and Tax Increment Financing Plan are hereby amended to read in their entirety as follows (in attached Exhibit B, Exhibit C-1, Exhibit C-2A and Exhibit C-2B):

EXHIBIT B

The Local Development Financing Authority (LDFA) will agree with all taxing units that the captured taxes will be used to support the debt service, periodic projects on an annual basis, and administrative service fees in connection with the acquisition of the land, construction of the water and sewer facilities, roadway and other necessary improvements which may be needed and after approval by the Local Development Financing Authority Board of Directors in a total amount not to exceed \$600,000 annually, plus such other amounts necessary to repay previously accumulated intrafund loans, over the life of the Plan. All remaining captured taxes will be passed through to the taxing units, except for a reserve for the subsequent year bond payments plus a reserve for continuing projects.

Any deficit between expenses and revenues, including land sales, will be paid by the City of Saline and reimbursed as revenues are received.

Annually a budget will be prepared and approved by the Local Development Financing Authority Board of Directors which will show the previous years revenues, the anticipated fiscal year revenues, the expenses and purpose therefore of each expenditure item, and the pass through funds to each taxing unit.

Attached to this exhibit is an estimate of the tax revenues which will be produced by this project, the amounts to be retained and the amounts to be passed through to the various taxing units.

EXHIBIT B – ATTACHMENT

LDFA#1 TAX INCREMENT REVENUES ESTIMATED TO BE PASSED TO UNITS

YEAR	CAPTURED TAX INCREMENT REVENUES	PLANNING AND ADMIN- ISTRATIVE COSTS	DEBT SHARE 1987 STREETS \$560,000	DEBT SHARE 1987 WTR/SWR \$1,300,000	DEBT SHARE 1993 LAND \$605,000	2001 BONDS \$6,040,000 DEBT SHARE WTR/SWR \$330,000	2001 BONDS \$6,040,000 DEBT SHARE STREETS \$690,000	REMAINING TAX INCREMENT REVENUES
2000/01	\$310,996	\$30,000	\$36,240	\$69,392	\$47,910	\$0	\$0	\$127,454
2001/02	\$323,435	\$40,000	\$33,765	\$70,970	\$46,830	\$21,372	\$44,688	\$65,810
2002/03	\$336,373	\$45,000	\$31,260	\$69,696	\$45,720	\$24,946	\$52,160	\$67,591
2003/04	\$349,828	\$50,000	\$0	\$70,563	\$79,580	\$25,040	\$52,357	\$72,288
2004/05	\$363,821	\$55,000	\$0	\$66,188	\$81,390	\$25,382	\$53,072	\$82,789
2005/06	\$378,374	\$60,000	\$0	\$61,813	\$87,850	\$25,687	\$53,708	\$89,316
2006/07	\$393,509	\$60,000	\$0	\$62,219	\$88,650	\$25,953	\$54,266	\$102,421
2007/08	\$409,249	\$60,000	\$0	\$57,406	\$84,150	\$26,182	\$54,744	\$126,767
2008/09	\$425,619	\$60,000	\$0	\$0	\$79,575	\$26,100	\$54,573	\$205,371
2009/10	\$442,644	\$60,000	\$0	\$0	\$0	\$26,266	\$54,920	\$301,458
2010/11	\$460,349	\$60,000	\$0	\$0	\$0	\$26,395	\$55,189	\$318,766
2011/12	\$478,763	\$60,000	\$0	\$0	\$0	\$26,481	\$55,370	\$336,912
2012/13	\$497,914	\$60,000	\$0	\$0	\$0	\$26,530	\$55,472	\$355,912
2013/14	\$517,830	\$60,000	\$0	\$0	\$0	\$26,541	\$55,495	\$375,794
2014/15	\$538,544	\$60,000	\$0	\$0	\$0	\$26,787	\$56,010	\$395,747
2015/16	\$560,085	\$60,000	\$0	\$0	\$0	\$26,983	\$56,419	\$416,683
2016/17	\$582,489	\$60,000	\$0	\$0	\$0	\$27,128	\$56,722	\$438,639
2017/18	\$605,788	\$60,000	\$0	\$0	\$0	\$27,223	\$56,920	\$461,645
2018/19	\$630,020	\$60,000	\$0	\$0	\$0	\$27,267	\$57,012	\$485,741
2019/20	\$655,221	\$60,000	\$0	\$0	\$0	\$27,260	\$56,999	\$510,962
2020/21	\$681,430	\$60,000	\$0	\$0	\$0	\$27,458	\$57,412	\$536,561

EXHIBIT C-1

EXISTING ESTIMATED SHELTON INDUSTRIAL PARK (LDFA DISTRICT #1) CAPTURED ASSESSED VALUES AND TAX INCREMENT REVENUES FOR FISCAL YEARS 1990 TO 2000

FISCAL YEAR	CAPTURED TAXABLE VALUE	SCHOOL MILLS 34.1272	WASHTENAW ISD MILLS 3.6647	COUNTY MILLS 5.9504	COMMUNITY COLL. MILLS 3.3889	TOTAL MILLS 47.1312
1989/90	\$0	\$0	\$0	\$0	\$0	\$0
1990/91	\$3,611,750	\$123,258.91	\$13,235.98	\$21,491.36	\$12,239.86	\$170,226.11
1991/92	\$3,720,103	\$126,956.68	\$13,633.06	\$22,136.10	\$12,607.06	\$175,332.90
1992/93	\$3,831,706	\$130,765.38	\$14,042.05	\$22,800.18	\$12,985.27	\$180,592.88
1993/94	\$3,946,657	\$134,688.34	\$14,463.31	\$23,484.19	\$13,374.83	\$186,010.67
1994/95	\$4,065,056	\$138,728.99	\$14,897.21	\$24,188.71	\$13,776.07	\$191,590.98
1995/96	\$4,187,008	\$142,890.86	\$15,344.13	\$24,914.37	\$14,189.35	\$197,338.71
1996/97	\$4,312,618	\$147,177.59	\$15,804.45	\$25,661.80	\$14,615.03	\$203,258.87
1997/98	\$4,441,997	\$151,592.92	\$16,278.59	\$26,431.66	\$15,053.48	\$209,356.65
1998/99	\$4,575,257	\$156,140.71	\$16,766.94	\$27,224.61	\$15,505.09	\$215,637.35
1999/00	\$4,712,515	\$160,824.93	\$17,269.95	\$28,041.35	\$15,970.24	\$222,106.47

EXHIBIT C-2A
CAPTURED TAXABLE VALUES AND TAX INCREMENT REVENUES ESTIMATED FOR
THE LIFE OF THE SHELTON INDUSTRIAL PARK (LDFA DISTRICT #1) PLAN

YEAR	CAPTURED TAXABLE VALUE	SALINE SCHOOLS 18.0000	STATE EDUCATION 6.0000	WASHTENAW INTERMEDIATE SCHOOL DIST. 3.1311	WASHTENAW COUNTY 5.4759	CITY OF SALINE 9.6222	WASHTENAW COMMUNITY COLLEGE 3.4544	LIBRARY .8585	TOTAL REVENUE 46.5421
2000/01	\$6,682,027	\$120,276	\$40,092	\$20,922	\$36,590	\$64,296	\$23,082	\$5,737	\$310,996
2001/02	\$6,949,308	\$125,088	\$41,696	\$21,759	\$38,054	\$66,868	\$24,006	\$5,966	\$323,435
2002/03	\$7,227,280	\$130,091	\$43,364	\$22,629	\$39,576	\$69,542	\$24,966	\$6,205	\$336,373
2003/04	\$7,516,372	\$135,295	\$45,098	\$23,535	\$41,159	\$72,324	\$25,965	\$6,453	\$349,828
2004/05	\$7,817,026	\$140,706	\$46,902	\$24,476	\$42,805	\$75,217	\$27,003	\$6,711	\$363,821
2005/06	\$8,129,708	\$146,335	\$48,778	\$25,455	\$44,517	\$78,226	\$28,083	\$6,979	\$378,374
2006/07	\$8,454,896	\$152,188	\$50,729	\$26,473	\$46,298	\$81,355	\$29,207	\$7,259	\$393,509
2007/08	\$8,793,092	\$158,276	\$52,759	\$27,532	\$48,150	\$84,609	\$30,375	\$7,549	\$409,249
2008/09	\$9,144,815	\$164,607	\$54,869	\$28,633	\$50,076	\$87,993	\$31,590	\$7,851	\$425,619
2009/10	\$9,510,608	\$171,191	\$57,064	\$29,779	\$52,079	\$91,513	\$32,853	\$8,165	\$442,644
2010/11	\$9,891,032	\$178,039	\$59,346	\$30,970	\$54,162	\$95,173	\$34,168	\$8,491	\$460,349
2011/12	\$10,286,674	\$185,160	\$61,720	\$32,209	\$56,329	\$98,980	\$35,534	\$8,831	\$478,763
2012/13	\$10,698,141	\$192,567	\$64,189	\$33,497	\$58,582	\$102,940	\$36,956	\$9,184	\$497,914
2013/14	\$11,126,066	\$200,269	\$66,756	\$34,837	\$60,925	\$107,057	\$38,434	\$9,552	\$517,830
2014/15	\$11,571,109	\$208,280	\$69,427	\$36,230	\$63,362	\$111,340	\$39,971	\$9,934	\$538,544
2015/16	\$12,033,953	\$216,611	\$72,204	\$37,680	\$65,897	\$115,793	\$41,570	\$10,331	\$560,085
2016/17	\$12,515,311	\$225,276	\$75,092	\$39,187	\$68,533	\$120,425	\$43,233	\$10,744	\$582,489
2017/18	\$13,015,924	\$234,287	\$78,096	\$40,754	\$71,274	\$125,242	\$44,962	\$11,174	\$605,788
2018/19	\$13,536,561	\$243,658	\$81,219	\$42,384	\$74,125	\$130,251	\$46,761	\$11,621	\$630,020
2019/20	\$14,078,023	\$253,404	\$84,468	\$44,080	\$77,090	\$135,462	\$48,631	\$12,086	\$655,221
2020/21	\$14,641,144	\$263,541	\$87,847	\$45,843	\$80,173	\$140,880	\$50,576	\$12,569	\$681,430

Note: The above taxable value "equivalents" result from using full valuation for ad valorem nonhomestead property and half values for IFT valuations to obtain a good estimate of the tax increment revenue. The ad valorem nonhomestead rates for 2000/01 shown in the headings above are used for estimation since they apply to the largest amount of taxable value.

EXHIBIT C-2B

LDFA#1 TAX INCREMENT REVENUES IN EXCESS OF DEBT

YEAR	CAPTURED TAX INCREMENT REVENUES	DEBT SHARE 1987 STREETS \$560,000	DEBT SHARE 1987 WTR/SWR \$1,300,000	DEBT SHARE 1993 LAND \$605,000	2001 BONDS \$6,040,000 DEBT SHARE WTR/SWR \$330,000	2001 BONDS \$6,040,000 DEBT SHARE STREETS \$690,000	REMAINING TAX INCREMENT REVENUES
2000/01	\$310,996	\$36,240	\$69,392	\$47,910	\$0	\$0	\$157,454
2001/02	\$323,435	\$33,765	\$70,970	\$46,830	\$21,372	\$44,688	\$105,810
2002/03	\$336,373	\$31,260	\$69,696	\$45,720	\$24,946	\$52,160	\$112,591
2003/04	\$349,828	\$0	\$70,563	\$79,580	\$25,040	\$52,357	\$122,288
2004/05	\$363,821	\$0	\$66,188	\$81,390	\$25,382	\$53,072	\$137,789
2005/06	\$378,374	\$0	\$61,813	\$87,850	\$25,687	\$53,708	\$149,316
2006/07	\$393,509	\$0	\$62,219	\$88,650	\$25,953	\$54,266	\$162,421
2007/08	\$409,249	\$0	\$57,406	\$84,150	\$26,182	\$54,744	\$186,767
2008/09	\$425,619	\$0	\$0	\$79,575	\$26,100	\$54,573	\$265,371
2009/10	\$442,644	\$0	\$0	\$0	\$26,266	\$54,920	\$361,458
2010/11	\$460,349	\$0	\$0	\$0	\$26,395	\$55,189	\$378,766
2011/12	\$478,763	\$0	\$0	\$0	\$26,481	\$55,370	\$396,912
2012/13	\$497,914	\$0	\$0	\$0	\$26,530	\$55,472	\$415,912
2013/14	\$517,830	\$0	\$0	\$0	\$26,541	\$55,495	\$435,794
2014/15	\$538,544	\$0	\$0	\$0	\$26,787	\$56,010	\$455,747
2015/16	\$560,085	\$0	\$0	\$0	\$26,983	\$56,419	\$476,683
2016/17	\$582,489	\$0	\$0	\$0	\$27,128	\$56,722	\$498,639
2017/18	\$605,788	\$0	\$0	\$0	\$27,223	\$56,920	\$521,645
2018/19	\$630,020	\$0	\$0	\$0	\$27,267	\$57,012	\$545,741
2019/20	\$655,221	\$0	\$0	\$0	\$27,260	\$56,999	\$570,962
2020/21	\$681,430	\$0	\$0	\$0	\$27,458	\$57,412	\$596,561

AGREEMENT RESPECTING OBLIGATION TO MAKE
PAYMENTS FROM TAX INCREMENT REVENUES

THIS AGREEMENT made as of this 16 day of April, 2001, between the LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF SALINE (the "Authority"), a public body corporate established pursuant to the provisions of Act No. 281 of the Public Acts of Michigan, 1986 (the "Act") and the CITY OF SALINE (the "Municipality"), a Michigan municipal corporation respecting the Authority's obligation to make payments to the Municipality of certain Tax Increment Revenues (hereinafter defined).

WHEREAS, the City Council of the Municipality, by resolution duly adopted on July 6, 1987, has established the Authority and defined the boundaries of the authority district within which the Authority may exercise its powers, all pursuant to the Act; and

WHEREAS, the Authority, by resolution duly adopted on October 26, 1987, has adopted a Development Plan and Tax Increment Financing Plan (the "Plan"), which Plan sets forth certain public improvements to be acquired and constructed within the authority district, including certain street and road improvements and improvements to the Municipality's sanitary sewer system and water supply system (collectively, the "Improvements"); and

WHEREAS, the Municipality, by resolution duly adopted on November 23, 1987, approved of the Plan, and the Plan became effective and has been in effect continuously since that date; and

WHEREAS, the Development Plan and Tax Increment Financing Plan for Shelton Industrial Park have been amended by the City Council of the the City of Saline in 1990 following a public hearing on the question, and then have been amended by the Second Amendments on 10/19/92 and have subsequently been amended by the Third Amendments on the 16 day of April , 2001; and

WHEREAS, in order to finance the cost of certain additional improvements to benefit the Shelton Industrial Park, Authority District #1 (the "Improvements"), the Authority requested the Municipality to issue the additional obligations listed on Attachment A attached hereto and made a part hereof (the "Bonds") and use the proceeds thereto to acquire and construct the additional improvements; and

WHEREAS, in order to induce the Municipality to issue the Bonds, and as authorized

and directed by the Plan, the Authority elected to employ the tax increment finance provisions of the Act, to adopt the Plan and further to pledge to the Municipality tax increment revenues transmitted to the Authority (the "Tax Increment Revenues") from Authority District #1 in the amounts necessary to pay principal of and interest on the Bonds as they come due; and

WHEREAS, in reliance thereon, the Municipality agreed to issue and did take specific actions to issue the Bonds; and

WHEREAS, absent the pledge by the Authority, of the Tax Increment Revenues, the Municipality would not have issued the Bonds on behalf of the Authority; and

WHEREAS, the Municipality and the Authority have been advised that it is necessary and appropriate to codify the foregoing agreement.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. The actions of the Municipality and the Authority and the agreement respecting the payment by and pledge of the Authority to the Municipality of Tax Increment Revenues as set forth in the recitals of this Agreement are hereby ratified, approved and confirmed.


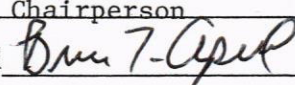
2. The obligation of the Authority to make payments to the Municipality under this Agreement is absolute and unconditional and shall remain in full force and effect until the entire principal of, premium (if any) and interest on the Bonds shall have been paid or duly provided for, and such obligation shall not be modified, affected or impaired for any reason whatsoever.

3. No setoff, counterclaim, reduction or diminution, or any defense of any kind or nature, other than performance by the Authority of its obligations hereunder, which the Authority has or may have against the Municipality shall be available to the Authority hereunder. No invalidity, irregularity or unenforceability of all or any part of the Authority's obligations hereunder or of the Bonds shall affect, impair or constitute a defense to the Authority's obligations hereunder.


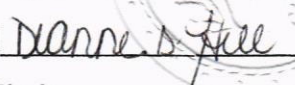
4. The Municipality may enforce the terms of this agreement at law or in equity.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

LOCAL DEVELOPMENT FINANCE
AUTHORITY OF THE CITY OF
SALINE

By 
Its Chairperson
And 
Its Secretary

CITY OF SALINE

By 
Its Mayor
And 
Its Clerk



ATTACHMENT A

\$690,000 portion of \$3,000,000 for Street Projects as part of \$6,040,000 UTGO Bonds, dated as of February 1, 2001.

\$330,000 portion of \$1,500,000 for Water Supply and Sewage Disposal System Projects, as part of \$6,040,000 UTGO Bonds, dated as of February 1, 2001.