

TIFA
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Original Signature

AGREEMENT

THIS AGREEMENT (the "Agreement") is made by and among the TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF SALINE, a Michigan municipal corporation (the "TIFA"), the CITY OF SALINE, a Michigan municipal corporation (the "City"), the COUNTY OF WASHTENAW, a Michigan municipal corporation (the "County"), WASHTENAW COMMUNITY COLLEGE, a Michigan municipal corporation (the "Community College") and SALINE DISTRICT LIBRARY, a Michigan municipal corporation (the "Library"). The City, County, Community College and Library are collectively referred to hereinafter as the "Participating Taxing Units."

PREMISES:

WHEREAS, the TIFA was created by the City under the authority of Act No. 450 of the Michigan Public Acts of 1980, as amended ("Act 450"); and

WHEREAS, pursuant to Act 450, the TIFA has prepared, and the City has approved, a Tax Increment Financing and Development Plan (as amended and restated, the "Plan") for the development of the development area of the TIFA located in the City as described in the Plan (the "Development Area"); and

WHEREAS, pursuant to the Plan, the TIFA has used and intends to continue to use tax increment revenues, as defined in Act 450 (the "Tax Increment Revenues"), to provide for the acquisition, construction, and financing of necessary public facilities as more fully described in the Plan, for the purpose of preventing urban deterioration and encouraging economic development and activity to encourage neighborhood revitalization and historic preservation in the Development Area for the benefit of the residents of the City and all taxing units levying taxes within the Development Area; and

WHEREAS, prior to the approval of Proposal A on March 15, 1994 by the electors of the State of Michigan, the TIFA had previously returned to each taxing unit, on an annual basis, a portion of the Tax Increment Revenues it captured from each taxing unit by declaring the Tax Increment Revenues as surplus pursuant to Section 14(2) of Act 450, which provides that any surplus funds not used by the TIFA shall revert proportionately to the respective taxing bodies; and

WHEREAS, the approval of Proposal A brought about certain amendments to Act 450 limiting the ability of the TIFA to capture ad valorem property taxes and specific local taxes attributable to the tax levy of the State of Michigan, the local school district and the intermediate school district upon the captured assessed value of real and personal property in the Development Area, up to the amount necessary to repay eligible advances, eligible obligations and other protected obligations, as such terms are defined in Act 450; and

WHEREAS, because of these changes, the relative percentage of potential tax increment revenues returned to the County, the Community College and the Library has decreased; and

WHEREAS, Section 13(4) of Act 450 permits the TIFA to enter into agreements with the taxing jurisdictions in which the Development Area is located to share a portion of the captured assessed value of the Development Area; and

WHEREAS, Section 13(2)(b) of Act 450 provides that the percentage of taxes levied for school operating purposes that is captured and used by the Plan shall not be greater than the Plan's percentage capture and use of taxes levied by the City or County for operating purposes; and

WHEREAS, it is the intention of the parties to this Agreement to enter into an agreement to share a portion of the Tax Increment Revenues received by the TIFA pursuant to Section 13(4) of Act 450 in a manner which does not violate Section 13(2)(b) of Act 450.

In consideration of the mutual covenants and promises of the parties, the parties agree as follows:

ARTICLE I

SHARE OF TAX INCREMENT REVENUES

Section 101. Agreement to Share Tax Increment Revenues. Subject to the terms and conditions of this Agreement, the parties to this Agreement intend to share Tax Increment Revenues on a 50-50 basis over the life of the Plan. The parties to this Agreement hereby agree that, except as otherwise provided in Sections 102, 103 and 104 of this Agreement, the amount of Tax Increment Revenues from the levies of operating mills by the Participating Taxing Units (the "Local Based Tax Increment Revenues") imposed in any calendar year and retained and used by the TIFA in any TIFA fiscal year from and after July 1, 1996, shall not exceed in any TIFA fiscal year 40% of the total potential Local Based Tax Increment Revenues for that fiscal year, and the percentage to be shared with the Participating Taxing Units shall be not less than 60% of the total potential Local Based Tax Increment Revenues for that fiscal year (the "Share Percentage"). The Tax Increment Revenues retained by the TIFA in the TIFA fiscal year beginning July 1, 1996 shall be 40% and the Share Percentage for the same TIFA fiscal year shall be 60% for the Participating Taxing Units.

Section 102. Limitations on Agreement to Share Tax Increment Revenues. The TIFA shall not be obligated to share Tax Increment Revenues in the ratios provided in Sections 101 or 103 of this Agreement with the Participating Taxing Units if the debt service on eligible obligations payable from Tax Increment Revenues from

the levies of operating mills for educational purposes by the State, the Saline Area Public Schools and the Washtenaw County Intermediate School District (the "Education Based Tax Increment Revenues") exceeds 40% of the total potential Education Based Tax Increment Revenues.

Section 103. Increase of the Share Percentage in Certain Circumstances. Because the TIFA and the Participating Taxing Units intend that the overall percentage of shared Tax Increment Revenues for the life of the Plan reach or exceed 50%, to the extent practicable or permitted, and because the TIFA and the Participating Taxing Units recognize that the specific purposes of the TIFA described in the Plan have been and continue to be realized through the efforts of the TIFA, the parties agree that the overall capital needs of the TIFA related to the Plan are expected to decline during the remaining duration of the Plan. The parties therefore agree that, in exchange for the promises of the Participating Taxing Units set forth in this Agreement, the Share Percentage will be increased to greater than 60% from time to time, in accordance with the procedures set forth in this Agreement.

Section 104. Agreement Shall Not Impair Payment of Existing Obligations. The parties agree that nothing contained in this Agreement, or any amendment to this Agreement, shall prevent or impair the TIFA from fulfilling its primary obligation to meet its payment requirements on the debt service on, and, if necessary, maintain a debt service reserve fund for, the obligations issued by the TIFA, or issued by the City on behalf of the TIFA, outstanding as of the date of this Agreement, for which the TIFA has agreed to meet its payment requirements on the debt service.

ARTICLE II

DEVELOPMENT OF THE SHARE PERCENTAGE

Section 201. Determination of Budgeted Tax Increment Revenues. Each year the TIFA shall prepare an estimated statement of the tax increment revenues for the next succeeding fiscal year, based on the taxable value, as reported to the County after the City's March Board of Review meetings, of the real and personal property, including property subject to specific local taxes, adjusted as required pursuant to guidelines issued from time to time by the Michigan Department of Treasury for the calculation of tax increment revenues.

Section 202. Certificate of Proposed Share Percentage. Each year beginning May, 1997, the TIFA shall prepare its annual budget based on the estimated Tax Increment Revenues, and shall submit to each Participating Taxing Unit a copy of a certificate substantially in the form attached to this Agreement as Exhibit A no later than the third Wednesday in May.

Section 203. Finality of Numbers. The Participating Taxing Units shall notify the TIFA no later than the 2d Monday in June of any discrepancy relating to the estimates set forth in the Certificate submitted by the TIFA. Subject to any changes in the estimates of tax increment revenues resulting from the review of the Certificate by the Participating Taxing Units and review of any forms required to be filed by the TIFA with the Michigan Department of Treasury, the Share Percentage shall be as provided in the Certificate.

ARTICLE III

COVENANTS OF PARTICIPATING TAXING UNITS

Section 301. Participation in Future Economic Development Projects. The Participating Taxing Units hereby expressly agree, in exchange for the promises made by the TIFA in this Agreement, to work with the City of Saline through its TIFA, or the Economic Development Corporation of the City of Saline or the Local Development Finance Authority of the City of Saline, or another instrumentality of the City, to participate in the planning and execution of economic development projects permitted by law, including, but not limited to, development of raw or distressed property by use of tax increment financing under the Local Development Finance Act, Act 281 of 1986, as amended, or other applicable tax increment financing statutes.

ARTICLE IV

MISCELLANEOUS

Section 401. Entire Agreement. This Agreement shall constitute the entire agreement between the parties hereto; all prior agreements between the parties, whether written or oral, are merged herein and shall be of no force or effect.

Section 402. Governing Law. Each and every term, provision and condition of this Agreement shall be governed and construed in all respects, whether as to matters of validity, capacity, performance or otherwise, in accordance with the laws of the State of Michigan.

Section 403. Severability. Each term, condition and provision of this Agreement is severable and if any term, condition or provision shall be determined to be illegal, invalid and/or unenforceable for any reason whatsoever, this Agreement shall thereafter be read, construed and enforced as though such illegal, invalid and/or unenforceable term, condition or provision were not included herein.

Section 404. Captions. All captions or headings preceding the text of separate paragraphs of this Agreement are solely for

reference purposes and shall not affect the meaning, construction, interpretation or effect of the text.

Section 405. Notices. All notices required to be given pursuant to this Agreement or otherwise desired to be delivered by one party to another, shall be effective only if the same shall be in writing and shall be either personally served or sent by facsimile, U.S. mail or air courier service with postage prepaid, to such party at its address set forth herein to the attention of the person whose title is set forth below. Any such notice given by mail or air courier shall be deemed effective upon 2 days following the date the same shall have been deposited in the United States mail or with the air courier service.

TIFA: c/o City of Saline
100 N. Harris Street
Saline, Michigan 48176
Attention: City Administrator

City: City of Saline
100 N. Harris Street
Saline, Michigan 48176
Attention: City Administrator

County: County of Washtenaw
County Courthouse
P.O. Box 8645
Ann Arbor, Michigan 48107
Attention: Finance Director

Community College: Washtenaw Community College
4800 East Huron River Drive
Ann Arbor, Michigan 48106-0978
Attention: Controller of Financial Services

District Library: Saline District Library
555 North Maple Road
Saline, Michigan 48176

Section 406. Counterparts. This Agreement may be signed in any number of counterparts.

IN WITNESS WHEREOF, each of the parties hereto have executed this Agreement as of the day and year set forth immediately beneath their respective signatures.

TAX INCREMENT FINANCE AUTHORITY OF
THE CITY OF SALINE

By *Tom Sickler*
Its Chairperson and Secretary

Date of Execution: June 4, 1996

CITY OF SALINE

By *Dennis Lee*
Its Mayor and Clerk

Date of Execution: June 4, 1996

COUNTY OF WASHTENAW

By *Grace Shackma* *Peggy M. Haine*
Its Board Chair and Clerk/Register

Date of Execution: June 14, 1996

WASHTENAW COMMUNITY COLLEGE

By *Paul Kipil*
Its Vice President, Admin. & Finance

Date of Execution: June 27, 1996

SALINE DISTRICT LIBRARY

By *Joseph S. Stephens*
Its President

Date of Execution: 19 June 96

EXHIBIT A

Calculation of Share Percentage

Estimated Total Tax Increment Revenues (Based on March Board of Review Value)

Education Based

Saline Area Schools	\$ _____
State of Michigan	\$ _____
Washtenaw ISD	\$ _____
TOTAL EDUCATION BASED	\$ _____

Local Based

City of Saline	\$ _____
County of Washtenaw	\$ _____
Washtenaw Community College	\$ _____
Saline District Library	\$ _____
TOTAL LOCAL BASED	\$ _____

Budgeted Expenditures

Eligible Obligations	\$ _____
Plan Expenditures	\$ _____
TOTAL BUDGETED EXPENDITURES	\$ _____

Shared Tax Increment Revenues¹

Education Based Percentage Share ²	_____ %
Local Based Percentage Share ³	_____ %

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¹ "Shared Tax Increment Revenues" means those not kept by the TIFA.

² Divide Eligible Obligations by Education Based Tax Increment Revenues; subtract result from 1; enter remainder, stated as a percentage.

³ Divide Plan Expenditures by Local Based Tax Increment Revenues; subtract result from 1; enter remainder as percentage; if percentage is greater than Education Based Percentage, enter Education Based Percentage.