

**TAX SHARING AGREEMENT BETWEEN THE
ANN ARBOR DISTRICT LIBRARY, CHARTER TOWNSHIP OF PITTSFIELD,
AND THE STATE STREET CORRIDOR IMPROVEMENT AUTHORITY**

This Tax Sharing Agreement (“Agreement”) is entered into this ____ day of _____ between the ANN ARBOR DISTRICT LIBRARY (“Library”), the CHARTER TOWNSHIP OF PITTSFIELD (“Township”), and the STATE STREET CORRIDOR IMPROVEMENT AUTHORITY (“Authority” or “CIA”). In this Agreement, the Library, Township, and the CIA may also be referred to collectively as “Parties.”

RECITALS

- A. The Corridor Improvement Authority Act, PA 280 of 2005 as amended (“Act 280”), authorizes a municipality to establish a corridor improvement authority when the municipality determines that it is necessary for the best interests of the public to redevelop its commercial corridors and to promote economic growth.
- B. One of the purposes for creating a corridor improvement authority is to permit a municipality to finance corridor improvements in a designated area by capturing the property taxes levied on any incremental increase in property values within the development area. This is commonly referred to as tax increment financing.
- C. Section 18(5) of Act 280 provides that a governing body of a taxing jurisdiction whose ad valorem taxes would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect. Section 18(3) of Act 280 provides that a CIA may enter into agreements with taxing jurisdictions and the municipality establishing the CIA to share a portion of the captured assessed taxable value of the development area.
- D. On July 24, 2013, after two earlier public meetings and a public hearing allowing for community input and other public commentary, the Pittsfield Charter Township Board of Trustees established the CIA, adopted the CIA boundaries and appointed a CIA Board.
- E. The CIA Board has recommended the adoption of a Development and Tax Increment Financing Plan (“the Plan”) to provide for specific roadway improvements in the State Street Corridor to be funded by the capture of specific taxes as set forth in the Plan (the “Project”).
- F. The Parties wish to enter into this agreement whereby the Library agrees to participate with the Township and the CIA by means of sharing with the Authority a portion of the revenue derived from certain ad valorem property taxes levied on properties located within the development area upon the terms and conditions described in this Agreement.

AGREEMENT

In consideration of the mutual promises, representations, and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. As used in this Agreement, "tax increment revenue" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the captured assessed value of real and personal property in the development area, as defined and limited by Act 280. Notwithstanding this definition, the Parties agree that the Library's personal property taxes shall not be subject to capture by the CIA.
2. The Library's "Pro-rata Share" is defined as the Library's proportionate share of the combined millages of real property captured by the CIA, from all participating taxing jurisdictions.
3. In accordance with the following conditions, the Library agrees to allow 50% of the tax increment revenue generated as of 2013 (Base Year) by its operating millage rate to be captured and retained by the CIA from the properties within the CIA boundaries for the limited purpose of paying that portion of the funding required for the State Street CIA that is described as the Library's Pro-rata Share. The remaining 50% of the tax increment revenue generated from the Library's operating millage shall be retained by the Library. The parties further agree that no other ad valorem taxes shall be used to fund the CIA, including, but not limited to the Library's personal property taxes and other ad hoc taxes approved by the Library Board of Trustees from time to time, and that such taxes shall be retained by the Library to use as it determines is fit.
4. Any new additional millage levied by the Ann Arbor District Library, either to restore amounts reduced pursuant to the Headlee Amendment, or new additional millage approved by Library district electors after the date of this Agreement, shall be exempt from this Agreement unless the Ann Arbor District Library Board of Trustees, in its sole discretion, adopts a resolution submitting such additional millage revenues to this Agreement and capture by the Authority.
5. The Township, the CIA, and the Library acknowledge that the total anticipated expenditure of up to \$33,000,000.00 is an approximation only. The Project shall be subject to public bid procedures and the final cost will be adjusted accordingly. Notwithstanding the above acknowledgments, the Township and the CIA agree that the Library's participation shall not exceed the sum of \$120,436.00. In the event the Authority receives a lesser amount from tax increment revenues captured from the Library's general operating millage for a period of 20 years (through 2033), the Library's participation in the CIA will cease after 20 years. The Parties acknowledge that the capture period could be less than 20 years.

6. Upon receipt by the Authority of \$120,436.00, unless otherwise agreed, the Library's participation in the CIA will cease and its portion of ad valorem property taxes that would otherwise be subject to capture will be exempt from further capture by the CIA, regardless of whether 20 years have passed.
7. At any time after execution of this Agreement if the Township and/or CIA decide not to proceed with any portion of the Project, all tax increment revenues collected by the CIA shall be refunded to the Library in accordance with Section 19(2) of Act 280.
8. If the Township and/or CIA have not received anticipated Project funds from the federal government and construction has not started on any portion of the Project within five years of the date of this Agreement, all tax increment revenues collected by the CIA shall be refunded to the Library within 30 days and the Library's participation in the CIA shall terminate.
9. The CIA agrees to file an annual report, which shall include the amount of the revenue captured, and the costs and other expenses relating to the Project, with the Library Director on an annual basis during the term of the financing. The CIA shall allow the Library to perform financial and compliance audits as appropriate to assess all records relating to the Project throughout the term of financing and for a period of three (3) years thereafter for compliance with the terms of this Agreement. An audit of the CIA's records pursuant to this section shall not occur, until such time that the Library provides thirty (30) days written notice to the CIA, specifying what information is necessary to ensure a complete post evaluation of the Library's participation in the CIA.
10. In the event of a dispute or claim arising out of or relating to this Agreement, the Parties agree to participate in the following dispute resolution procedure:
 - (a) The Parties agree to meet and confer in good faith to resolve, through discussions between the Parties, any claims or disputes that arise from or are related to this Agreement.
 - (b) If the meeting between the Parties described in paragraph 10(a) above does not result in a mutually acceptable resolution of the dispute, then the Parties agree to submit the matter to non-binding mediation in accordance with Michigan Court Rule 2.411. The Parties agree to take such action as is reasonably necessary to participate in the mediation process and agree to conclude the mediation within 60 days after failing to reach agreement under paragraph 10(a). The costs of mediation shall be divided equally among the Parties.
 - (c) If the mediation described in paragraph 10(b) does not result in a mutually acceptable resolution of the dispute, then, upon agreement of the Parties, the matter shall be submitted to binding arbitration in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Association. The award of the arbitrator shall be binding and final on all Parties

and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

11. This Agreement sets forth the entire agreement between the Parties and fully supersedes any and all prior agreements or understandings between them in any way related to this subject matter. It is further understood and agreed that the terms and conditions herein are contractual and are not a mere recital and that there are no other agreements, understandings, contracts, or representations between the Parties in any way related to the subject matter hereof, except as expressly stated herein. This Agreement shall not be extended, changed or supplemented orally and may be amended only by a written document which is signed by the Parties.
12. The Library, the Township and the CIA warrant that they each have the appropriate authority to enter into this Agreement, that this Agreement was approved by the legislative or governing body of the party executing the agreement and that each of them is bound by the respective signatures below.
13. This Agreement shall be subject to and interpreted pursuant to the laws of the State of Michigan.

STATE STREET CORRIDOR IMPROVEMENT AUTHORITY

By: _____ Date: _____
David Sarns, Chair
State St. Corridor Improvement Authority Board

**CHARTER TOWNSHIP OF PITTSFIELD
a Municipal Corporation**

By: _____ Date: _____
Mandy Grewal, Supervisor
Pittsfield Charter Township

By: _____ Date: _____
Alan Israel, Clerk
Pittsfield Charter Township

ANN ARBOR DISTRICT LIBRARY

By: _____ Date: _____
Prudence Rosenthal
Library Board President