

**AGREEMENT**  
**BETWEEN CITY OF ANN ARBOR**  
**AND**  
**CITY OF YPSILANTI**  
**COUNTY OF WASHTENAW, MICHIGAN**  
**CREATING A LOCAL DEVELOPMENT FINANCE AUTHORITY**  
**PURSUANT TO PA 281 OF 1986 (AS AMENDED)**

The City of Ann Arbor (“Ann Arbor”) and City of Ypsilanti (“Ypsilanti”), both located in Washtenaw County, Michigan, collectively known as ‘The Parties’ enter into this agreement, pursuant to Public Act 281 of 1986, as amended, effective June 27, 2002.

**Premises:**

Having determined that it is in the best interest of the residents of their respective communities, and in an effort to eliminate the conditions of unemployment, underemployment and joblessness, and to promote economic growth in Ann Arbor and Ypsilanti, the governing bodies of the Parties have acted to establish a multi-jurisdictional local development finance authority pursuant to Act 281 of the Public Acts of Michigan of 1986 (“PA 281”) as amended, and to designate an authority district (the “District”). The local development finance authority has been named “Local Development Finance Authority of the City of Ann Arbor and City of Ypsilanti.” (The “Authority”). The Authority is established for the purpose of enabling the implementation of the SmartZone designation awarded by the Michigan Economic Development Corporation to each community jointly.

Therefore, the Parties agree to the following:

1. Governing Board; Terms and Appointment: The governing body of the Authority (‘Board’) shall consist of, nine (9) voting members, appointed in the following manner:
  - a. The City Council of the City of Ann Arbor shall appoint six (6) members of the Authority Board, two (2) of which shall be appointed to terms ending June 30, 2003; two (2) on June 30, 2004, and two (2) on June 30, 2005. One of the City of Ann Arbor appointments shall be a Councilmember.

- b. The City Council for the City of Ypsilanti shall appoint three (3) members of the Authority Board, one (1) of which shall be appointed to a term ending June 30, 2003; one (1) on June 30, 2004, and one (1) on June 30, 2005.
- c. The Board shall appoint two (2) ex-officio non-voting members consisting of a representative from the MEDC and a representative from the Accelerator. In addition, the Board may appoint other ex-officio non-voting members for the Board.
- d. Except as provided in this Section 1 for the initial appointments to the Board, members of the Board appointed under Section 1(a), (b) and (c) shall serve terms of four (4) years. Upon expiration of a member's term, the member appointed under Section 1(a) (b) and (c) shall continue serving as a member of the Authority Board until resignation or the appointment of their successor, except that no member shall continue serving more than ninety (90) days after expiration of his or her term. No member shall serve more than one complete four (4) year term.
- e. An appointment to fill a vacancy shall be made in the same manner as the original appointment. An appointment to fill an unexpired term shall be for the unexpired portion of the term only.

2. Governing Board; Terms and Removal:

- a.
  - a. Subject to notice and an opportunity to be heard, a member of the Board appointed pursuant to Section 1 (above) may be removed by the governing body appointing the member before the expiration of his or her term for cause as defined in the by-laws of the Board. Removal of a member appointed pursuant to Section 1 (above) is subject to review by the circuit court.
- b. The Board shall notify the appropriate governing body of a Party regarding the expiration of the term of each voting member of the Board appointed by the Party. This notice shall be provided to the appropriate governing body of the Party at least Sixty (60) days prior to the expiration of the voting member's term.

3. Minutes and By Laws

- a. The approved minutes of the meetings of the Board shall be furnished by the Board on a timely basis to the governing bodies of each of the Parties and every quarter the Board shall submit a written quarterly report of the status of the Authority's activities and finances to the governing body of each Party.
- b. The first by-laws shall be approved by both governing bodies. Any subsequent amendments to the by-laws, after approval by the Board, shall be provided to both governing bodies of the Parties and unless objected to by at least one of the governing

bodies of the Parties within thirty (30) days of the Parties receipt of the proposed amendment shall become effective.

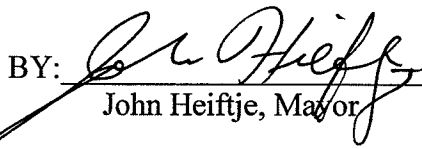
4. Budget, Financial Records of the Authority, Audit: The Authority shall annually prepare and submit for the approval of the Board a budget for the operation of the Authority for the ensuing fiscal year. The budget shall be prepared in the manner and contain the information generally required of the municipal departments of the Parties. Said budget shall be in conformance with the SmartZone plan, and consistent with the annual plan of the SmartZone for that year. Before the Board may adopt the budget, the governing bodies of the Parties shall approve it, with each governing body limited to approval of that portion of the budget that utilizes tax increment financing funds collected within their community. No funds shall be expended outside the community in which they are collected. The Board shall submit financial reports to the Parties at the same time and on the same basis as required of municipal departments. The Authority shall be audited annually by the City of Ann Arbor's independent auditor until the City of Ypsilanti begins contributing revenue. When the City of Ypsilanti begins contributing revenue, the Authority shall be audited by the City of Ypsilanti's auditor every other year and the City of Ann Arbor's auditor during the other years. All expense items of the Authority shall be publicized annually and records of the Authority shall be open to the public pursuant to the provisions of the Freedom of Information Act, Act No. 442 of the Public Acts of 1976, as amended.
5. Dissolution of the Authority: The Authority may be dissolved and this agreement may be terminated as provided in this Section. The Authority may be dissolved at any time by resolution of either Party after written notice is given to the other Party at least thirty (30) days prior to such action being taken. This written notice shall be given to the other parties' City Administrator and City Clerk. In addition, however, the governing bodies of the parties are expressing their intent to dissolve the Authority on July 1, 2004 unless the Authority has successfully implemented the Tax Increment and Financing Plan for the Ann Arbor/Ypsilanti Smart Zone. Prior to dissolution at any time becoming effective, all expenses and liabilities of the Authority must be paid. Thereafter, the Authority shall distribute and convey all real property rights and interests owned by the Authority between the Parties on the basis of the location of the real property. All other tangible and intangible assets of the Authority other than unexpended tax increment revenues shall be distributed and conveyed by the Authority between the Parties on a pro-rate basis based, over the period of the Authority captured tax increment revenues, on the aggregate captured values of property located in each city that was subject to the Authority's tax increment financing plan for purposes of determining tax increment revenues. All unexpended and unencumbered tax increment revenues of the Authority upon dissolution shall be remitted to each taxing jurisdiction in proportion to their millage subject to capture.
6. Governing Law: This agreement shall be governed by and construed in accordance with the laws of the State of Michigan.
7. Severability: If any court of competent jurisdiction shall rule any clause of this Agreement

invalid or unenforceable, the invalidity or enforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

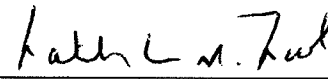
**IN WITNESS WHEREOF, the Parties have caused this LDFA Agreement to be duly executed as of the date first written above.**

**CITY OF ANN ARBOR**  
100 North Fifth Avenue  
Post Office Box 8647  
Ann Arbor, Michigan 48107-8647


Date: \_\_\_\_\_

BY:  12/11/02  
John Heiftje, Mayor

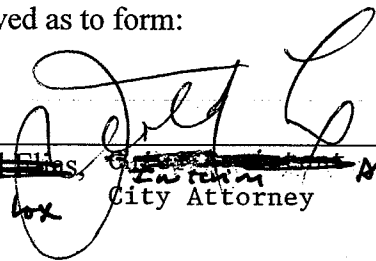
Date: \_\_\_\_\_

BY:  12/12/02  
Kathleen Root, City Clerk

Approved as to Substance:


 12/9/02  
Roger Fraser, City Administrator Date

Approved as to form:

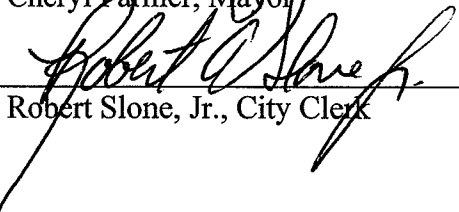
 \_\_\_\_\_ Date  
~~Abigail Elias, City Attorney~~  
Jevolo box City Attorney

**CITY OF YPSILANTI**  
One South Huron St.  
Ypsilanti, Michigan 48197

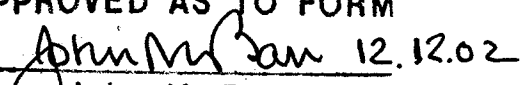
Date: 12-12-02

BY:   
Cheryl Farmer, Mayor

Date: 12-12-02

BY:   
Robert Slone, Jr., City Clerk

Approved as to form:


**APPROVED AS TO FORM**  
 12.12.02  
John M. Barr  
Ypsilanti City Attorney

invalid or unenforceable, the invalidity or enforceability of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections.

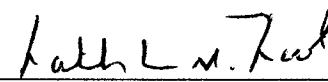
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**CITY OF ANN ARBOR**  
100 North Fifth Avenue  
Post Office Box 8647  
Ann Arbor, Michigan 48107-8647

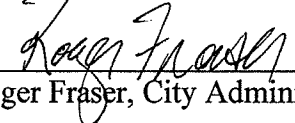
Date: \_\_\_\_\_

BY:  12/11/02  
John Heiftje, Mayor

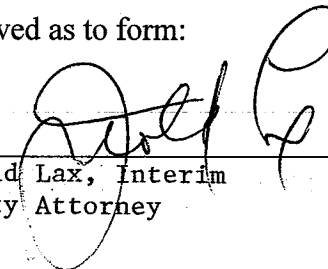
Date: \_\_\_\_\_

BY:  12/12/02  
Kathleen Root, City Clerk

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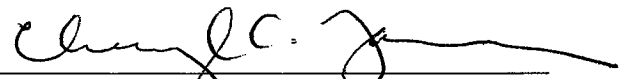
 12/9/02  
Roger Fraser, City Administrator Date

Approved as to form:

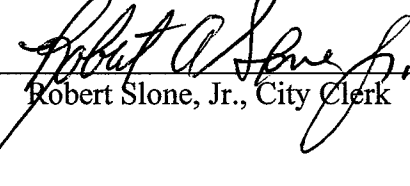
 12/6/02  
Jerold Lax, Interim City Attorney Date

**CITY OF YPSILANTI**  
One South Huron St.  
Ypsilanti, Michigan 48197

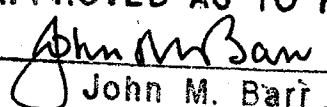
Date: 12-12-02

BY:   
Cheryl Farmer, Mayor

Date: 12-12-02

BY:   
Robert Slone, Jr., City Clerk

Approved as to form:

**APPROVED AS TO FORM**  
 12.12.02  
John M. Bari  
Ypsilanti City Attorney

**NOW THEREFORE**, the Michigan Department of Treasury by its State Treasurer, ratifies, confirms and agrees by this instrument to accept and approve, the Capture under the following terms and conditions:

1. The Washtenaw Certified Technology Park shall be allowed to capture fifty percent (50%), of the amounts levied by the State pursuant to the state education act, Public Act 331 of 1993, being MCL 211.901 to 211.906, and local and intermediate school districts for a period of fifteen (15) years for levies imposed on or after January 1, 2001, on the basis of an initial taxable value determined as of December 31, 2001, for all purposes and in those amounts as detailed in the TIFP and authorized under the Act.

Signed on behalf of the Michigan Department of Treasury this \_\_\_\_ day of \_\_\_\_\_, 2002

MICHIGAN DEPARTMENT OF TREASURY

By: \_\_\_\_\_  
Douglas B. Roberts  
State Treasurer

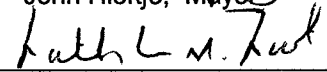
This ratification is agreed to and accepted this \_\_\_\_ day of \_\_\_\_\_, 2002 in full compliance with Section 2 of Public Act 281 of 1986, as amended, being MCL 125.2151 et seq.

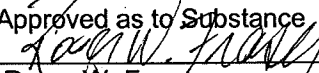
THE LOCAL DEVELOPMENT  
FINANCE AUTHORITY

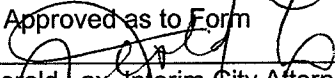
By: \_\_\_\_\_  
Chair

The CITY OF ANN ARBOR

By:   
John Hieftje, Mayor

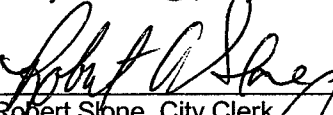
By:   
Kathleen M. Root, City Clerk


Approved as to Substance  
  
Roger W. Fraser

Approved as to Form  
 *DLR*  
Jerold Lax, Interim City Attorney

The CITY OF YPSILANTI

By:   
Cheryl C. Farmer, Mayor

By:   
Robert Stone, City Clerk

APPROVED AS TO FORM  
 Saw 12.12.02  
John M. Barr  
Ypsilanti City Attorney

**RATIFICATION AGREEMENT BY THE MICHIGAN  
DEPARTMENT OF TREASURY**

**WHEREAS**, the Michigan Legislature passed and the Governor signed Public Act 248 of 2000 to promote, *inter alia*, the development of high technology businesses throughout the State of Michigan; and

**WHEREAS**, the Michigan Economic Development Corporation ("MEDC") has been authorized by Public Act 281 of 1986, as amended, being MCL 125.2151 et seq. (the "Act"), to designate a certain number of certified technology parks within the State of Michigan, by December 31, 2002; and

**WHEREAS**, the MEDC, for strategic marketing purposes, has chosen to designate the aforementioned certified technology parks as "SmartZones"; and

**WHEREAS**, the MEDC issued a Request for Proposals for SmartZone designation; and

**WHEREAS**, the Cities of Ann Arbor and Ypsilanti ("Cities"), and the their joint Local Development Finance Authority ("Authority") submitted a Proposal to the MEDC requesting designation as a Certified Technology Park of certain areas located within the Cities' jurisdiction; and

**WHEREAS**, the Authority and the Cities approved a tax increment financing plan ("TIFP"), pursuant to the Act; and

**WHEREAS**, the MEDC, the Cities and the Authority have entered into an agreement ("Washtenaw SmartZone Agreement"), which contemplates the capture of fifty percent (50%), of the amounts levied by the State pursuant to the state education act, Public Act 331 of 1993, being MCL 211.901 to 211.906, and local and intermediate school districts for a period of fifteen (15) years for levies imposed on or after January 1, 2001, (such levies collectively referred to as the "Capture"), on the basis of an initial taxable value determined as of December 31, 2001, for all purposes and in those amounts authorized under the Act by the TIFP; and

**WHEREAS**, a condition of the effectiveness of the Washtenaw SmartZone Agreement under the Act, is that the Michigan Department of Treasury, through the State Treasurer, would accept and approve the Capture for the purpose of reducing unemployment, promoting economic growth, and increasing capital investment in the Cities, as determined by the State Treasurer; and

**WHEREAS**, the State Treasurer has reviewed the terms and conditions of the Capture and found them to be acceptable.