



**MINUTES – SPECIAL BOARD MEETING
August 21, 2014**

Ann Arbor-Ypsilanti Smart Zone Local Development Finance Authority

**Ann Arbor City Hall Council Chambers
301 E. Huron Street, Ann Arbor, MI 48104**

Members Present: Eric Jacobson, Carrie Leahy, Stephen Rapundalo, Caryn Charter, Vince Chmielewski, Paula Sorrell-MEDC Ex-officio (8:55), Tom Crawford – Ex-officio, Skip Simms-Accelerator Ex-officio

Members Excused: Richard Beedon, Bilal Saeed, Ned Staebler, Sally Petersen,

Others Present: Paul Krutko – CEO SPARK, Jerry Lax, Attorney for Ann Arbor-Ypsilanti Smartzone LDFA, Jim Van Doren, Executive Director of Lenawee Now, Representatives from Adrian/Tecumseh SmartZone team, Representative from Tecumseh press

I. CALL TO ORDER:

Chair Leahy called the meeting to order at 8:20 am. A quorum was present.

II. PUBLIC COMMENT:

Jim Van Doren, Executive Director of Lenawee Now spoke. He thanked the LDFA for the opportunity and highlighted the advantages of a partnership with the Adrian/Tecumseh SmartZone.

III. APPROVAL OF THE AGENDA:

Rapundalo moved, seconded by Charter, to approve the agenda for this meeting in the form presented at this meeting. Motion approved unanimously.

IV. RECEIVE INFORMATION ON SATELLITE DISTRICTS:

Lax discussed the process of seeking a 15 year extension of the SmartZone.

Krutko pointed out that both applicants are qualified and have a relationship with their local college.

The Board discussed and evaluated the applicants on the following criteria:

CRITERIA	ADRIAN/TECUMSEH	BRIGHTON/HOWELL
1. Level & likelihood of funding	\$7.8 million	\$6.5 million
2. Strategic Advantage (complimentary to Host SmartZone)	Advanced manufacturing / Chemicals / Agricultural Tech	IT based / local business / lifestyle
3. Attractive to the State	Agriculture is new area of focus	Expanding tech based jobs
4. Preparedness to move forward in the satellite approval process	Agreement signed	Documented willingness to negotiate and sign agreement
5. History of entrepreneurship activity	New so little past experience. Focused on high-tech. Open to students and public.	Demonstrated history of start-up companies. Been in existence for a while, but not previous focus on high-tech. Historic focus on students.

V. RECOMMEND SATELLITE DISTRICT TO CITY COUNCIL:

Rapundalo moved, seconded by Chmielewski, to approve the resolution selecting Adrian/Tecumseh SmartZone as a satellite SmartZone and recommends the City Councils of Ann Arbor and Ypsilanti approve an agreement with the Adrian/Tecumseh SmartZone. Motion approved unanimously.

VI. REVIEW DRAFT TIF PLAN AMENDMENTS:

Board discussed the contract committees suggested amendments to the existing TIF and Development Plans. The edits thematically related to:

- Extending the life of the Plans by 15 years
- Clarifying terms within the document to be more clear and consistent
- Clarifying that funds may be expended anywhere within the cities of Ann Arbor or Ypsilanti
- Modifying uses of TIF proceeds to include:
 - Payments for installation of technology related infrastructure
 - Talent recruitment and retention programs
 - Utilization of grants and donations for collaborative opportunities
- Modifying bonding language to permit agreements with the city

Discussion was held to solicit Council's interest in the expansion of the TIF capture district to assist in funding the amended Plan's authorized uses, including the above.

VII. ADJOURNMENT:

Rapundalo moved, seconded by Chmielewski, to adjourn the meeting at 9:40 am. Motion approved unanimously.

Respectfully Submitted,
Tom Crawford, Recording Secretary



LDFA Board Meeting

August 21, 2014

8:15 am to 10:15 am

City of Ann Arbor

301 E. Huron Street, Ann Arbor, MI 48104

Agenda

- I. **Call to Order**
- II. **Public Comment**
Public comment shall be allowed at all meetings. An individual may speak for up to three (3) minutes on any item listed on the Agenda. The Chair may extend an individual's speaking time in his/her discretion. Public comment on non-agenda items may be limited in the Chair's discretion.
- III. **Approval of the Agenda**
- IV. **Receive Information on Satellite Districts** p. 1
- V. **Recommend Satellite District to City Council** p. ~~30~~ 29
- VI. **Review Draft TIF Plan Amendments** p. 31
- VII. **Motion to Adjourn**

Executive Summary Satellite SmartZone Plan

Executive Summary

The communities of Adrian and Tecumseh, in cooperation with Adrian College and a host of partners, submit this Satellite SmartZone Plan for consideration by the Michigan Economic Development Corporation. This proposal leverages a unique combination of public and private resources, designed to stimulate private business with a minimum number of public dollars.

The Adrian Tecumseh SmartZone (ATSZ) is just one element in a comprehensive economic development strategy, which continues Lenawee County's rich history of technological innovation. The strategy focuses on the creation and attraction of high-tech businesses in our established technology parks and on the combined resources of our secondary and post-secondary institutions and programs including the Adrian Innovation Center, a business incubator and accelerator on the Adrian College campus. This strategy encourages managed growth, community stabilization, and discourages inappropriate urban sprawl. In addition to an emphasis on emerging and startup companies, the program will encourage the retention of college graduates in the county, providing a continuing labor pool for new and expanding companies.

Location

As the name implies, the ATSZ is multi-jurisdictional. Property in both the city of Adrian and the city of Tecumseh is included. The majority of the TIF capture area is located in existing technology/Certified Business Parks owned by the respective cities with all the necessary infrastructure/telecommunications in place for technology-focused businesses.

Unique Characteristics and Specialties

Lenawee County is home to three colleges/universities, including Adrian College, Siena Heights University and Jackson College. And all three campuses are included within the authority TIF district. This plethora of post-secondary education, combined with its close proximity to the larger research institutions in Ann Arbor and southeastern Michigan make Lenawee County an ideal location for technology driven entrepreneurs. Our community has a long and successful history of translating intellectual capital to production and distribution.

The Michigan Certified Business Parks that are proposed for inclusion in this satellite zone have been designed for technology businesses. A campus like setting provides the perfect backdrop with pad ready sites developed with LEED principles in mind.

The area boasts a high quality of place, an important element in attracting and retaining technology start ups. With a wide variety of recreational and cultural opportunities, a highly developed arts community, upscale events and active public gathering spaces in both Adrian and Tecumseh, there are plenty of amenities enticing to entrepreneurs.

Executive Summary Satellite SmartZone Plan

Benefits to Regional Collaboration and Value Added to Mission of Host SmartZone

A reasonably mature entrepreneurial community has many groups and individuals focused on technology business development. Coordinating these assets is necessary to ensure minimal friction and maximum leverage for companies seeking to obtain the most appropriate services. While these relationships take time to build and evolve, our distinct advantage is that these relationships are already established and have been working together towards common goals for many years. This SmartZone satellite is an extension of the partnership enjoyed by the Region 9 Economic Collaborative, which includes Washtenaw and Lenawee along with four other counties. Lenawee's substantial agriculture and manufacturing capacity is a valuable compliment to Ann Arbor's science and academia. This satellite will seek to leverage our unique assets with those of the Ann Arbor/Ypsilanti SZ to further enhance the collaboration that already exists between our communities.

Technology Focus - Support to Technology Businesses and Entrepreneurs

In order to best utilize its resources, the ATSZ will focus its efforts on industries with high potential for utilizing at least one of the area's core competencies. The following technology areas have been identified as having particular strengths in the Adrian/Tecumseh Area:

- Agriculture: food processing, ethanol fuel production, bio-diesel fuel production
- Advanced Manufacturing
- Chemical manufacturing and plastics technologies
- Renewable/green technologies/water purification technologies

Entrepreneurial services offered will be tailored to the needs of businesses to include management guidance, technical assistance and support, individual consulting, marketing assistance, assistance with accessing funding, shared basic business services and equipment, and rental spaces with flexible leases, among others.

The Adrian Innovation Center at Adrian College offers support services and space to attract promising entrepreneurial start-ups and early-stage companies to Lenawee County. Other service providers will include the Adrian Public Library, Tecumseh District Library, Tecumseh Public Schools, Lenawee Intermediate School District (LISD), Siena Heights University, Jackson College, and others. The programs are entrepreneur-driven, specialized to meet the needs of technology businesses.

Budget

The ATSZ will leverage resources from all its partners, particularly the Adrian Innovation Center at Adrian College. During the 15 year lifespan of the ATSZ we expect at least \$80,000,000 of private real property investment that will generate approximately \$7.8 million of funding over those 15 years for the ATSZ. We are anticipating the tax capture to begin in 2016 at about

Executive Summary Satellite SmartZone Plan

\$250,000 a year and grow to \$700,000 a year by the last year of the LDFA. In addition, during the first three years of operation, Adrian College will provide \$200,000 a year of support in the form of incubator space, business support services and salary for the Incubator director.

Economic Impact

The estimation of jobs in the high technology sector and under the program outlined by this plan is a speculative venture contingent upon many factors outside the control of the ATSZ. However, we estimate that 400 jobs may be created as a direct and indirect result of these activities. Based on the recent interest in our area by external advanced manufacturing companies, and the projected establishment/location of two new businesses each year within the ATSZ, this would result in the creation of 400 full-time jobs during the 15 year life of the LDFA. Given the recent international attractions of Comstar Automotive in Tecumseh and Metcan Industries in Adrian, we believe that businesses of this scale can find appropriate facilities within the areas encompassed by the ATSZ.

Management Team & Partners

Efforts will be lead by a team of dedicated individuals, which includes staff from the Cities of Adrian and Tecumseh, as well as Lenawee Now. Dr. Oded Gur-Arie, Director of the Adrian Innovation Center will be instrumental in designing programs for entrepreneurs in partnership with Adrian College. The team will also be utilizing support services through Siena Heights University, Jackson College, the Lenawee Intermediate School District, South Central Michigan Works, LISD, the USDA, Michigan Department of Agriculture and Rural Development, the Small Business Development Center, and our local SCORE representative, among others.

SATELLITE SMARTZONE AGREEMENT

THIS AGREEMENT (the "Agreement"), is made this ____ day of _____, 2014, by and among the City of Ann Arbor, County of Washtenaw, Michigan, a Michigan municipal corporation ("Ann Arbor"), the City of Ypsilanti, County of Washtenaw, Michigan, a Michigan municipal corporation ("Ypsilanti") and the Local Development Finance Authority of the Cities of Adrian and Tecumseh, A Michigan municipal corporation (the "Adrian-Tecumseh LDFA").

RECITALS

WHEREAS, Ann Arbor and Ypsilanti have previously established the Local Development Finance Authority of Ann Arbor and Ypsilanti (the "Ann Arbor-Ypsilanti LDFA") pursuant to Act 281, Public Acts of Michigan, 1986, as amended ("Act 281"); and

WHEREAS, the Ann Arbor-Ypsilanti LDFA has previously been designated as a "certified technology park" pursuant to Act 281 and a SmartZone Agreement by and among Ann Arbor, Ypsilanti, the Ann Arbor-Ypsilanti LDFA and the Michigan Economic Development Corporation ("MEDC"), which certified technology park is also referred to hereinafter as the "Ann Arbor – Ypsilanti SmartZone"; and

WHEREAS, the Adrian-Tecumseh LDFA was established by the City of Adrian ("Adrian") and the City of Tecumseh ("Tecumseh") pursuant to Act 281 to promote economic growth in Adrian and Tecumseh within the boundaries of its Authority District, as described on Exhibit A attached hereto (the "Satellite District"); and

WHEREAS, the Adrian-Tecumseh LDFA desires to have its Satellite District designated as a "certified technology park", pursuant to Section 12b of Act 281, which certified technology park is also referred to hereinafter as a "Satellite SmartZone," to permit the Adrian-Tecumseh LDFA to capture certain tax increment revenues from taxes levied by the State, local school district and intermediate school district for a fifteen (15) year period; and

WHEREAS, the Adrian-Tecumseh LDFA has prepared and approved a SmartZone Plan as set forth in Exhibit B attached hereto (the "SmartZone Plan") which sets forth its qualifications as a Satellite SmartZone and summarizes its intent to stimulate the growth of technology-based businesses and jobs; and

WHEREAS, Ann Arbor and Ypsilanti desire to designate the Satellite District as a certified technology park pursuant to Section 12b of Act 281 in order to achieve the benefits of regional cooperation and collaboration and to permit the extension of the authorization of the Ann Arbor – Ypsilanti LDFA to capture certain tax increment revenues from taxes levied by the State, local school district and intermediate school district for an additional fifteen (15) year period.

NOW, THEREFORE, it is agreed by the parties as follows:

1. Satellite SmartZone Plan Meets Legislative Criteria. The parties jointly and severally agree that the Satellite SmartZone Plan meets the criteria of Act 281 for the designation of a Satellite SmartZone and specifically make the following findings:

- a. The Satellite SmartZone Plan identifies the unique characteristics and specialties offered by the public and private resources available in the Satellite SmartZone.
- b. The Satellite SmartZone Plan provides benefits to regional cooperation and collaboration.
- c. The Satellite SmartZone Plan adds value to the mission of the Ann Arbor – Ypsilanti LDFA.

2. Designation of Certified Technology Park. The Satellite District is hereby designated as a “certified technology park” pursuant to Section 12b of Act 281.

3. Obligations of Adrian-Tecumseh LDFA. The Adrian-Tecumseh LDFA agrees to the following obligations:

- a. The Adrian-Tecumseh LDFA will work with Adrian and Tecumseh to prepare and approve a Development Plan and Tax Increment Financing Plan that meets the requirements of Act 281 and provides for the capture of tax increment revenues from taxes levied by local taxing units, in addition to the taxes levied by the State, local school district and intermediate school district.
- b. The Adrian-Tecumseh LDFA will work with Adrian, Tecumseh and Adrian College to annually prepare and approve a budget that includes at least \$200,000 per year for operations of the Satellite SmartZone.
- c. The Adrian-Tecumseh LDFA will provide monthly reporting to Adrian and Tecumseh for the term of its capture of tax increment revenues on the following information for companies served by the Satellite SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding and increase in revenue).
- d. The Adrian-Tecumseh LDFA will work with Adrian and Tecumseh to approve and file its Development Plan and Tax Increment Financing Plan by June 30, 2015 with the MEDC.

4. Obligations of Ann Arbor and Ypsilanti. Ann Arbor and Ypsilanti agrees to the following obligations:

- a. Ann Arbor and Ypsilanti will work with the Ann Arbor - Ypsilanti LDFA to require the Ann Arbor - Ypsilanti LDFA to provide monthly reporting to Ann Arbor and Ypsilanti for the term of its capture of tax increment revenues on the following information for companies served by the Ann Arbor – Ypsilanti

SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding and increase in revenue).

- b. Ann Arbor and Ypsilanti will provide a copy of this Agreement to the MEDC within seven (7) days of its approval and execution by all parties.

5. Term of Agreement. This Agreement shall be for a term of fifteen (15) years after the approval of the capture of tax increment revenues on taxes levied by the State, local school district and intermediate school district by the State Treasurer in connection with the Satellite SmartZone. In the event the MEDC and State Treasurer do not approve the capture of tax increment revenues on taxes levied by the State, local school district and intermediate school district by December 31, 2015, then this Agreement shall terminate. This Agreement may be extended upon mutual written consent of the parties.

6. Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are hereby terminated. This Agreement shall not be modified, altered or amended except by written agreement duly executed by all parties to this Agreement in accordance with the terms hereof.

7. No Third Party Beneficiaries. This Agreement is exclusively for the benefit of the parties hereto. It may not be enforced by any party other than the parties to this Agreement and shall not create any liability to any third party.

8. No Assignment. The parties mutually agree that their respective rights, obligations and duties under this Agreement may not be assigned.

9. Severability. If any section or provision of this Agreement shall be found invalid, that provision shall be severable and the balance of the Agreement shall remain in full force and effect.

10. Captions. The captions in this Agreement are for convenience only and shall not be considered as a part of this Agreement or as in any way amplifying or modifying the provisions of this Agreement.

11. Notices. All notices, requests, demands or other communications under this Agreement shall be in writing and deemed given when delivered personally, upon the next business day if deposited with a nationally recognized over night delivery service, or upon the third following business day, if deposited in the United States Mail with postage prepaid and sent by certified mail, return receipt requested, addressed as follows:

- a. If to Ann Arbor;

Attention: City Administrator
City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107-8647

b. If to Ypsilanti:

Attention: City Manager
City of Ypsilanti
One South Huron Street
Ypsilanti, MI 48197

c. If to the Adrian-Tecumseh LDFA:

Attention: City Manager
City of Adrian
135 E. Maumee Street
Adrian, MI 49221

And

Attention: City Administrator
City of Tecumseh
309 E. Chicago Blvd.
Tecumseh, MI 49286

Or to such other address as the parties may from time to time designate by notice in writing to the other parties.

12. Counterparts. This Agreement may be signed in any number of counterparts, which counterparts shall be considered as one and the same instrument. Electronic copies of this Agreement shall have the full force and effect of an original document.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the date first written above.

CITY OF ANN ARBOR

By: _____
John Hieftje
Its: Mayor

By: _____
Jacqueline Beaudry
Its: City Clerk

CITY OF YPSILANTI

By: _____
Paul Schreiber
Its: Mayor

By: _____
Frances McMullen
Its: City Clerk

LOCAL DEVELOPMENT FINANCE
AUTHORITY OF THE CITIES OF ADRIAN AND
TECUMSEH

By: _____
Its: Chairperson

By: _____
Its: Secretary

EXHIBIT A

DESCRIPTION OF SATELLITE DISTRICT

- Within the City of Tecumseh: Tecumseh Business and Technology Campus – 5695 E M-50 - South side of M-50 and West of Billmeyer Highway; Van-Rob Tecumseh – 1200 E M50 - South side of M-50 and East of Rogers Highway; Tecumseh High School – 706 Brown Street - South side of Brown Street , North side of M-50; Tecumseh Admin Building – 212 N. Ottawa Street - At the corner of SE. Shawnee Street and Ottawa; Tecumseh Middle School – 307 N Maumee St – At the corner of E. Logan Street and Maumee Street; Tecumseh District Library – 215 N Ottawa St – At the corner of E. Shawnee St and N. Ottawa; and
- Within the City of Adrian: Adrian College, 110 S. Madison, roughly bound by Madison, Michigan, Williams and U.S. 223; Jackson College, 1376 North Main; Siena Heights University, 1247 East Siena Heights Drive, roughly bound by Siena Heights Drive, Oakwood and Elm; Lenawee ISD Tech Center, 1372 North Main; Adrian High School, 785 Riverside, roughly bound by Riverside, McKenzie and Stockford; Adrian Public Library, 143 East Maumee; City-owned greenfield site, 2610 West Beecher; City-owned greenfield side, 2900 West Beecher; City-owned greenfield site, 2817 West Beecher; City-owned industrial park, 1456 Enterprise Drive; City-owned industrial park, 1446 Enterprise Drive; City-owned industrial park, 1440 Enterprise Drive; City-owned industrial park - north, Industrial Drive; City-owned industrial park – south, Industrial Drive; Brownfield site, 1356 East Beecher; Brownfield site, 430 North Dean; Brownfield site, 1407 East Maumee; City-owned greenfield site, 2300 North Adrian Highway; City-owned greenfield site, 2930 North Adrian Highway; City-owned property, North Adrian Highway; City-owned industrial park, 1470 Enterprise Drive.

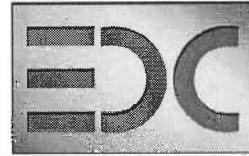
EXHIBIT B

SATELLITE SMARTZONE PLAN

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SATELLITE SMARTZONE REVIEW MATERIALS



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- I. SMARTZONE EXECUTIVE SUMMARY
 - II. 15-YEAR TAX INCREMENT FINANCING PROJECTIONS
 - III. FIVE-YEAR BUDGET PLAN FOR SATELLITE SMARTZONE
 - IV. LETTER OF SUPPORT FROM BRIGHTON CITY MANAGER DANA FOSTER
 - V. RESOLUTIONS FROM THE CITY OF BRIGHTON LDFA & CITY COUNCIL

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SMARTZONE EXECUTIVE SUMMARY AUGUST 4, 2014

IDENTIFY THE UNIQUE CHARACTERISTICS AND SPECIALTIES OFFERED BY THE PUBLIC AND PRIVATE RESOURCES AVAILABLE IN THE SATELLITE SMARTZONE.

Livingston County is a community of more than 180,000 residents which has three strong employment sectors in health care, retail/hospitality, and manufacturing. As a residential community, Livingston County has seen an increase in the interest in entrepreneurship and in the number of entrepreneurs for the past several years. The County enjoys a strong network of business development services buoyed by three engaged chambers of commerce (Brighton, Hartland and Howell), a local business library network, economic development services through Ann Arbor SPARK, strong business advisors through SCORE, and a dedication to business development by Cleary University. Specifically, Cleary University is the location of the Center for Innovation and Entrepreneurship ("CIE"), and the Micro-business Incubator, and has hosted LEGUP, (a monthly information / networking event for entrepreneurs) for the past three years.

IDENTIFY THE BENEFITS TO REGIONAL COOPERATION AND COLLABORATION.

Livingston County and Cleary University have made the Brighton/Howell region a model for regional collaboration. In 2011, stakeholders from around Livingston County engaged in a vision-mapping process ("Advantage Livingston) to identify what assets Livingston County has, and determine how it could grow (www.AdvantageLivingston.com). One of the core messages of that process was the need to develop entrepreneurial opportunity and growth in the County. Another was to "collaborate, consolidate and cooperate," including in a regional way.

Cleary University, chambers of commerce, and other County partners have provided leadership development programs for two decades and recently added a new program targeted at leadership development for youth, as well as an economic club luncheon series to broaden the individual and collective vision within the region.

Part of that process involved the engagement of a regional organization like Ann Arbor SPARK to work on economic development activities for the entire region. In other ways, Livingston County government has taken on regionalization through shared services and by engaging neighboring county governments to serve its residents. Historically, Livingston County has been a fiscally responsible area, and it recognizes the inherent benefits of regional collaboration as a result.

If the application is granted and the Satellite SmartZone is created, the university anticipates forming a steering committee including, for example, the Cities of Brighton

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and Howell and other governmental entities that might participate in funding, the Economic Development Council of Livingston County and Ann Arbor SPARK to ensure the program is specifically responsive to funding communities as well as the entire region.

IDENTIFY HOW THE SATELLITE SMARTZONE ADDS VALUE TO THE MISSION OF THE HOST SMARTZONE

The Satellite Smart Zone will enable the eventually expansion of physical incubation space to include “makers-space” and additional office space to the community, and the expansion of the virtual consultative services to those seeking advice and counsel by subsidizing the provision of these services.

Additionally, the Satellites Smart Zone will promote the continued cooperation of the University and other economic development partners with Ann Arbor SPARK and its talent network.

SUMMARY OF THE INTENT OF THE SATELLITE TO STIMULATE THE GROWTH OF TECHNOLOGY-BASED BUSINESSES AND JOBS BY CAPITALIZING ON PUBLIC AND PRIVATES RESOURCES.

The CIE umbrella provides Livingston County's first micro business incubator, the CUMBI. The Incubator is both a physical environment for those seeking office space, support services, access to business and professional consultation, and a virtual incubator for those seeking access to consultative services, but not in need of physical space.

The CIE coordinates the Livingston Entrepreneurs Group United for Prosperity (LEGUP!). This joint program is a collaborative effort between Cleary University, SCORE, the SBTDC, and the Howell, Brighton, and Hartland Chambers of Commerce, and is designed to help provide a "leg up" toward future success through a monthly program bringing new and established entrepreneurs together for educational, networking and resource opportunities (over 1,300 duplicative attendees have participated in the program since its inception).

The CIE also provides specific training to assist business owners and executives meet and overcome the challenges of business start-up, expansion, or continued operation. Additionally, the CIE is a site for practical research on the entrepreneurial process and opportunity for the County.

The CIE also provides oversight for a formal baccalaureate degree in entrepreneurship.

LOCATION

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The Satellite Smart Zone will be located within the Center for Innovation and Entrepreneurship on the Livingston Campus of Cleary University. Services of the SmartZone will be provided regionally throughout the county, with targeted responsiveness to the taxing entities providing additional support.

BUDGET

Cleary University has budgeted approximately \$250,000 toward the Center for Innovation and Entrepreneurship and the Satellite Smart Zone, including lease space and utilities, direct salaries and benefits, training, campus space rental, administrative support and indirect staff. This budget will be supplemented by revenues from a tax increment Finance Authority to be used for expansion of services. The university will seek guidance from the proposed SmartZone steering committee regarding priorities for the use of additional revenues. Preliminarily, the university anticipates funding to support additional service staff and virtual and physical expansion of incubation services.

ECONOMIC IMPACT

Cleary University supports the expansion / retention of businesses through a special partnership program in which employees receive a tuition grant equal to 20% of their tuition cost at the university. Annually, this has approximated between \$500,000 and \$1,000,000 for the past few years.

The University has not attempted to track the economic impact of The Center for Innovation and Entrepreneurship. Five successful micro-businesses have evolved through the Center, and over 1,300 (duplicated) entrepreneurs, small business persons, and prospective entrepreneurs have participated in and report value to a monthly networking event over the prior three years.

MANAGEMENT TEAM & PARTNERS

The University is currently seeking an Executive Director for the CIE and for a graduate assistant. The minimum criteria for the role follow: Master's Degree required, doctorate preferred. Collegiate teaching / administrative experience required. Excellent communication skills, leadership ability, and knowledge of current instructional technology required. Experience in business startup, incubator operations, business innovation, small business management, or economic development preferred. Knowledge of quality improvement practices and lean/six sigma preferred.

Beyond this role, graduate assistants and student employees as well as student interns support the center.

Indirect support is provided by three vice-presidents (two with doctorates) with over 50 years of combined experience; the president who brings 20+ years of economic

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development experience and 45 years of administrative and leadership experience; and the institutional Information Technology department.

TECHNOLOGY FOCUS

The Center for Innovation and Entrepreneurship has not historically been exclusively focused on technology; however, technology-related businesses are quite compatible with the typical United States profile of micro-businesses (generally 5 or fewer employees, requiring less than \$35,000 seed capital and without access to commercial banking services. The University's experience has confirmed a strong technology trend within its CUMBI tenants.

SUPPORT TO TECHNOLOGY BUSINESSES AND ENTREPRENEURS (ABILITY TO PROVIDE SUPPORT AND WHAT TYPE OF SUPPORT)

Support to technology businesses and entrepreneurs are available through consultation and services from the university's faculty and various community partners; through student interns, and through graduate assistants. Additionally, a local financial institution anticipates funding support for Satellite Smart Zone technology businesses and entrepreneurs. Of course, physical office space and administrative support services are also provided.

We potential additional resources under a SmartZone program, we would leverage available regional resources to assist businesses in the SmartZone. Specifically, we envision:

- Creation of "virtual" incubator membership & service
 - Business development mentoring
 - Business feasibility studies
 - Business planning
 - Market analysis
 - Interns
- Deployment of management training
- Expansion of incubator to include "maker's space" (prototyping) and small business in addition to Microbusinesses
- Expansion of CIE services, for example:
 - Networking events
 - Entrepreneurial training
 - Grant writing assistance
 - Product development assistance
 - Technology assessments
 - Venture capital preparation and introductions

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- Data Collection (e.g. economic impact)
- Small Business Innovation Research (SBIR) assistance
- Small Business Technology Transfer (STTR) assistance

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Brighton/Howell SmartZone Tax Increment Financing & Budget Projections

Program Year	Cleary University's Center for Innovation & Entrepreneurship	City of Brighton Proposed SmartZone School Capture	City of Howell Proposed SmartZone School Capture	Total
1	\$251,900	\$65,840	\$4,011	\$321,752
2	\$260,300	\$67,157	\$8,103	\$335,560
3	\$269,250	\$68,500	\$12,276	\$350,026
4	\$278,550	\$69,870	\$16,533	\$364,953
5	\$288,050	\$71,268	\$20,875	\$380,193
6	\$297,556	\$72,693	\$25,304	\$395,553
7	\$307,375	\$74,147	\$29,821	\$411,343
8	\$317,518	\$75,600	\$34,429	\$427,548
9	\$327,996	\$77,082	\$39,129	\$444,207
10	\$338,820	\$78,593	\$43,923	\$461,336
11	\$350,001	\$80,133	\$48,813	\$478,947
12	\$361,551	\$81,704	\$53,800	\$497,055
13	\$373,483	\$83,305	\$58,888	\$515,675
14	\$385,808	\$84,938	\$64,077	\$534,822
15	\$398,539	\$86,603	\$69,369	\$554,511
Total	\$4,806,698	\$1,137,432	\$529,351	\$6,473,481

Note: Budgets are based on projected growth in existing or proposed Local Development Finance Authority Districts. Details of the budget from Cleary are available in a separate attachment.

CLEARY UNIVERSITY

**CENTER FOR INNOVATION & ENTREPRENEURSHIP
CLEARY UNIVERSITY
2015-2020 PROJECTED BUDGET**

Item	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Microbusiness Incubator Rental	\$43,250	\$44,500	\$46,000	\$47,250	\$48,750
Direct Staff	\$123,500	\$127,300	\$131,000	\$135,000	\$139,000
Training	\$35,000	\$36,700	\$38,400	\$40,300	\$42,300
Campus rental	\$5,150	\$5,300	\$5,600	\$6,000	\$6,000
Administrative Support	\$14,000	\$14,500	\$15,250	\$15,500	\$16,000
Indirect Support	\$31,000	\$32,000	\$33,000	\$34,500	\$36,000
Total Projected Support	\$251,900	\$260,300	\$269,250	\$278,550	\$288,050

800.686.1883 CLEARY.EDU

LIVINGSTON CAMPUS 3750 Cleary Drive Howell, MI 48843 Fax: 517.338.3336
WASHTENAW CAMPUS 3601 Plymouth Road Ann Arbor, MI 48105 Fax: 734.332.4646

EXTENSION SITES Dearborn Flint Sidney



CITY OF BRIGHTON

"Providing quality service"

City Hall

200 N. First St.
Brighton, MI 48116-1593
(810) 227-1911
Fax: 227-6420
TDD Phone: (810) 227-8357

City Manager

225-8022

City Clerk

227-0463

Human Resources Director

225-9251

Cemetery/ Voter

Registration

227-0463

Community Development

Building

227-9005

Building Inspection Line

227-0419

Planning / Zoning

225-9257

Community Development/

DDA

225-8025

Finance

Accounts Payable

225-8019

Assessing Assistant

227-9006

City Assessor

225-8024

City Treasurer

225-8023

Finance Director

225-9283

Assistant Finance Director

227-7738

Property Taxes

227-0179

Utility Billing

225-8041

Police Department

440 S. Third St.

(810) 227-2700

Fax: 227-2063

Department of Public

Services

420 S. Third St.

(810) 225-8001

Fax: 225-9249

DPS Director

225-9284

Assistant DPS Director

225-9282

Water Plant

227-2968

Wastewater Plant

227-9479

August 13, 2014

Honorable City of Ann Arbor City Council Members and Ann Arbor-Ypsilanti
LDFA Board Members :

Thank you for this opportunity for the City of Brighton to be part of a possible
Satellite SmartZone application for you to submit to the MEDC for approval.
Our City's LDFA Board and our City Council each unanimously approved
related resolutions of support for such an application on August 7th . Those
resolutions will be part of the related Satellite SmartZone application proposal
package that I understand the staff of Ann Arbor SPARK will be submitting to
you for approval consideration.

The Ann Arbor SPARK staff also serves as the economic development staff for
the Livingston County Economic Development Council (EDC) . The
Livingston County EDC represents the City of Brighton as one of its local
government members.

The SPARK staff brought the Satellite SmartZone concept and proposal to both
the Cities of Brighton and Howell with the goal of forming a possible joint
regional LDFA and related joint Satellite SmartZone with Cleary University as
the educational service provider. Our City Council is supportive of that concept
and the above-referenced approved resolutions should reflect that intent . Our
City Council and I agree with the SPARK staff's related analysis that
implementation of a Satellite SmartZone and related services can help us to
reach and cultivate additional job growth and business investment with
entrepreneurial start-up companies and smaller businesses poised for growth.

Our City Council has actively pursued goals and concepts that are part of the
Michigan Municipal League's 21st Century Community Design program. That
program encourages Michigan cities to forge closer relationships with nearby
college level educational institutions to facilitate jobs growth , business
attraction, and business retention through facilities such as business incubators
and accelerators. Therefore, we think that the SmartZone proposal as outlined
above and with Cleary University as our educational service provider will help
us reach that goal.

Finally, while I am admittedly a bit biased with this opinion due to the honor
and privilege of serving as the City of Brighton's City Manager for 23 years , I
would encourage your approval of our Satellite SmartZone application proposal
because I think a Livingston County-based Satellite SmartZone could produce



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"Providing quality service"

City Hall

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DPS Director
225-9284
Assistant DPS Director
225-9282
Water Plant
227-2968
Wastewater Plant
227-9479

some eventual and exciting synergies between the Ann Arbor-Ypsilanti Region and the Brighton-Howell region. I believe that available statistics and other intangible indicators show that our two cities have survived the significant economic challenges caused by the 2008 Economic Crash much better than most Michigan cities. And that is because our two communities have important assets to offer including but not limited to: attractive community amenities and local government environments that will facilitate increased economic growth going forward.

Thank you for your time with this communication and Best Regards,

Dana W. Foster
City Manager

cc: City of Brighton City Council
City of Brighton LDFA Board
Shea Charles, City of Howell City Manager
Phil Santer, Ann Arbor SPARK / Livingston County EDC-SPARK
Luke Bonner, Ann Arbor SPARK / Livingston County EDC-SPARK
Paul Krutko, Ann Arbor SPARK / Livingston County EDC-SPARK
Tom Sullivan, Cleary University President

Resolution Authorizing Application for Satellite SmartZone Designation

WHEREAS, statutory and regulatory procedures exist under Public Act 104 of 2008 enabling communities to apply for a Satellite SmartZone designation; and

WHEREAS, statutory and regulatory procedures exist under Public Act 290 of 2012 enabling existing SmartZones to apply for a five or 15-year extension of tax increment financing capture; and

WHEREAS, Public Act 290 of 2012 requires an existing Host SmartZone to partner with a Satellite SmartZone in order to obtain a 15-year extension of tax increment finance capture; and

WHEREAS, a SmartZone designation provides a tool to accelerate the growth of high-potential businesses; and

WHEREAS, a SmartZone application requires partnership with an institution of higher learning;

NOW, THEREFORE, BE IT RESOLVED as follows

1. The Local Development Finance Authority (LDFA) is authorized to apply for a Satellite SmartZone designation to the Michigan Economic Development Corporation (MEDC) in partnership with a Host Satellite SmartZone partner community.
2. The LDFA Chairman/woman and City Manager are authorized to negotiate agreements with a Host SmartZone community.
3. The LDFA is authorized to enter into necessary agreements with an institution of higher learning for the purposes of applying for a Satellite SmartZone.

The foregoing resolution was duly adopted by the Board of the Local Development Finance Authority at a special meeting of **August 7, 2014**.

The following resolution was offered by Tobbe and seconded by Pipoly:

PRESENT: Willis, Bohn, Pipoly, Muzzin, Bandkau, Cooper, Tobbe

ABSENT: None

Diana Lowe, City Clerk

I, Diana Lowe, City Clerk for the City of Brighton, do hereby certify the foregoing is a true and complete copy of a Resolution adopted by Local Development Finance Authority at the Special meeting held on August 7, 2014.

Diana Lowe, City Clerk

RESOLUTION 14-16 Adopted August 7, 2014

Resolution Authorizing Application for Satellite SmartZone Designation

WHEREAS, statutory and regulatory procedures exist under Public Act 104 of 2008 enabling communities to apply for a Satellite SmartZone designation; and

WHEREAS, statutory and regulatory procedures exist under Public Act 290 of 2012 enabling existing SmartZones to apply for a five or 15-year extension of tax increment financing capture; and

WHEREAS, Public Act 290 of 2012 requires an existing Host SmartZone to partner with a Satellite SmartZone in order to obtain a 15-year extension of tax increment finance capture; and

WHEREAS, a SmartZone designation provides a tool to accelerate the growth of high-potential businesses; and

WHEREAS, a SmartZone application requires partnership with an institution of higher learning;

NOW, THEREFORE, BE IT RESOLVED as follows

1. The Local Development Finance Authority (LDFA) is authorized to apply for a Satellite SmartZone designation to the Michigan Economic Development Corporation (MEDC) in partnership with a Host Satellite SmartZone partner community.
2. The LDFA Chairman/woman and City Manager are authorized to negotiate agreements with a Host SmartZone community.
3. The LDFA is authorized to enter into necessary agreements with an institution of higher learning for the purposes of applying for a Satellite SmartZone.

The foregoing resolution was duly adopted by the Brighton City Council at the Regular meeting of **August, 7 2014.**

The following resolution was offered by Councilmember Bandkau and seconded by Pipoly:

PRESENT: Willis, Bohn, Pipoly, Muzzin, Bandkau, Cooper, Tobbe.

ABSENT: None

Diana Lowe, City Clerk

I, Diana Lowe, City Clerk for the City of Brighton, do hereby certify the foregoing is a true and complete copy of a Resolution adopted by City Council at the Regular meeting held on August 7, 2014.

Diana Lowe, City Clerk

SATELLITE SMARTZONE AGREEMENT

THIS AGREEMENT (the “Agreement”), is made this ____ day of _____, 2014, by and among the City of Ann Arbor, County of Washtenaw, Michigan, a Michigan municipal corporation (“Ann Arbor”), the City of Ypsilanti, County of Washtenaw, Michigan, a Michigan municipal corporation (“Ypsilanti”) and the Local Development Finance Authority of the City of Brighton, A Michigan municipal corporation (the “Brighton LDFA”).

RECITALS

WHEREAS, Ann Arbor and Ypsilanti have previously established the Local Development Finance Authority of Ann Arbor and Ypsilanti (the “Ann Arbor-Ypsilanti LDFA”) pursuant to Act 281, Public Acts of Michigan, 1986, as amended (“Act 281”); and

WHEREAS, the Ann Arbor-Ypsilanti LDFA has previously been designated as a “certified technology park” pursuant to Act 281 and a SmartZone Agreement by and among Ann Arbor, Ypsilanti, the Ann Arbor-Ypsilanti LDFA and the Michigan Economic Development Corporation (“MEDC”), which certified technology park is also referred to hereinafter as the “Ann Arbor – Ypsilanti SmartZone”; and

WHEREAS, the Brighton LDFA was established by the City of Brighton (“Brighton”) pursuant to Act 281 to promote economic growth in Brighton within the boundaries of its Authority District, as described on Exhibit A attached hereto (the “Satellite District”); and

WHEREAS, the Brighton LDFA desires to have its Satellite District designated as a “certified technology park”, pursuant to Section 12b of Act 281, which certified technology park is also referred to hereinafter as a “Satellite SmartZone,” to permit the Brighton LDFA to capture certain tax increment revenues from taxes levied by the State, local school district and intermediate school district for a fifteen (15) year period; and

WHEREAS, the Brighton LDFA has prepared and approved a SmartZone Plan as set forth in Exhibit B attached hereto (the “SmartZone Plan”) which sets forth its qualifications as a Satellite SmartZone and summarizes its intent to stimulate the growth of technology-based businesses and jobs; and

WHEREAS, Ann Arbor and Ypsilanti desire to designate the Satellite District as a certified technology park pursuant to Section 12b of Act 281 in order to achieve the benefits of regional cooperation and collaboration and to permit the extension of the authorization of the Ann Arbor – Ypsilanti LDFA to capture certain tax increment revenues from taxes levied by the State, local school district and intermediate school district for an additional fifteen (15) year period.

NOW, THEREFORE, it is agreed by the parties as follows:

1. Satellite SmartZone Plan Meets Legislative Criteria. The parties jointly and severally agree that the Satellite SmartZone Plan meets the criteria of Act 281 for the designation of a Satellite SmartZone and specifically make the following findings:

- a. The Satellite SmartZone Plan identifies the unique characteristics and specialties offered by the public and private resources available in the Satellite SmartZone.
- b. The Satellite SmartZone Plan provides benefits to regional cooperation and collaboration.
- c. The Satellite SmartZone Plan adds value to the mission of the Ann Arbor – Ypsilanti LDFA.

2. Designation of Certified Technology Park. The Satellite District is hereby designated as a “certified technology park” pursuant to Section 12b of Act 281.

3. Obligations of Brighton LDFA. The Brighton LDFA agrees to the following obligations:

- a. The Brighton LDFA will prepare and approve a Development Plan and Tax Increment Financing Plan that meets the requirements of Act 281 and provides for the capture of tax increment revenues from taxes levied by local taxing units, in addition to the taxes levied by the State, local school district and intermediate school district.
- b. The Brighton LDFA will annually prepare and approve a budget that includes at least \$200,000 per year for operations of the Satellite SmartZone.
- c. The Brighton LDFA will provide monthly reporting to Brighton for the term of its capture of tax increment revenues on the following information for companies served by the Satellite SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding and increase in revenue).
- d. The Brighton LDFA will work with Brighton to approve and file its Development Plan and Tax Increment Financing Plan by June 30, 2015 with the MEDC.

4. Obligations of Ann Arbor and Ypsilanti. Ann Arbor and Ypsilanti agrees to the following obligations:

- a. Ann Arbor and Ypsilanti will work with the Ann Arbor - Ypsilanti LDFA to require the Ann Arbor - Ypsilanti LDFA to provide monthly reporting to Ann Arbor and Ypsilanti for the term of its capture of tax increment revenues on the following information for companies served by the Ann Arbor – Ypsilanti SmartZone: companies created, jobs created, and investment in companies by

source (federal grants, state grants, venture capital, angel funding and increase in revenue).

- b. Ann Arbor and Ypsilanti will provide a copy of this Agreement to the MEDC within seven (7) days of its approval and execution by all parties.

5. Term of Agreement. This Agreement shall be for a term of fifteen (15) years after the approval of the capture of tax increment revenues on taxes levied by the State, local school district and intermediate school district by the State Treasurer in connection with the Satellite SmartZone. In the event the MEDC and State Treasurer do not approve the capture of tax increment revenues on taxes levied by the State, local school district and intermediate school district by December 31, 2015, then this Agreement shall terminate. This Agreement may be extended upon mutual written consent of the parties.

6. Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are hereby terminated. This Agreement shall not be modified, altered or amended except by written agreement duly executed by all parties to this Agreement in accordance with the terms hereof.

7. No Third Party Beneficiaries. This Agreement is exclusively for the benefit of the parties hereto. It may not be enforced by any party other than the parties to this Agreement and shall not create any liability to any third party.

8. No Assignment. The parties mutually agree that their respective rights, obligations and duties under this Agreement may not be assigned.

9. Severability. If any section or provision of this Agreement shall be found invalid, that provision shall be severable and the balance of the Agreement shall remain in full force and effect.

10. Captions. The captions in this Agreement are for convenience only and shall not be considered as a part of this Agreement or as in any way amplifying or modifying the provisions of this Agreement.

11. Notices. All notices, requests, demands or other communications under this Agreement shall be in writing and deemed given when delivered personally, upon the next business day if deposited with a nationally recognized over night delivery service, or upon the third following business day, if deposited in the United States Mail with postage prepaid and sent by certified mail, return receipt requested, addressed as follows:

- a. If to Ann Arbor;

Attention: City Administrator
City of Ann Arbor
301 E. Huron Street
Ann Arbor, MI 48107-8647

b. If to Ypsilanti:

Attention: City Manager
City of Ypsilanti
One South Huron Street
Ypsilanti, MI 48197

c. If to the Brighton LDFA:

Attention: City Manager
City of Brighton
200 N. First St.
Brighton, MI 48116-1593

Or to such other address as the parties may from time to time designate by notice in writing to the other parties.

12. Counterparts. This Agreement may be signed in any number of counterparts, which counterparts shall be considered as one and the same instrument. Electronic copies of this Agreement shall have the full force and effect of an original document.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the date first written above.

CITY OF ANN ARBOR

By: _____
John Hieftje
Its: Mayor

By: _____
Jacqueline Beaudry
Its: City Clerk

CITY OF YPSILANTI

By: _____
Paul Schreiber
Its: Mayor

By: _____
Frances McMullen
Its: City Clerk

LOCAL DEVELOPMENT FINANCE
AUTHORITY OF THE CITY OF BRIGHTON

By: _____
Its: Chairperson

By: _____
Its: Secretary

EXHIBIT A

DESCRIPTION OF SATELLITE DISTRICT

EXHIBIT B

SATELLITE SMARTZONE PLAN

[INSERT LEGAL DESCRIPTION]

**RESOLUTION APPROVING ADRIAN-TECUMSEH SATELLITE SMARTZONE
AGREEMENT AND DESIGNATION OF ADRIAN-TECUMSEH LDFA AS
CERTIFIED TECHNOLOGY PARK (SMARTZONE)**

WHEREAS, the Cities of Ann Arbor and Ypsilanti have heretofore created a Local Development Finance Authority (hereinafter "the Ann Arbor-Ypsilanti LDFA") pursuant to Act 281 of 1986, as amended, and

WHEREAS, the Ann Arbor-Ypsilanti LDFA has been designated a certified technology park, or Smart Zone, under Act 281, thereby authorizing the Ann Arbor-Ypsilanti LDFA to capture certain tax increment revenues under Act 281, and

WHEREAS, under Act 281, an agreement may be made between the host municipalities of an LDFA and another LDFA (hereinafter "the satellite LDFA") designating a geographic area within the satellite LDFA as a certified technology park, and thereby, with appropriate State approval, enabling the satellite LDFA to capture certain tax increment revenues as well as enabling the host LDFA to extend the period for its capture of such revenues, and

WHEREAS, the Cities of Adrian and Tecumseh have created an LDFA and have negotiated a Satellite Smartzone Agreement, as attached hereto as Exhibit A, with the Cities of Ann Arbor and Ypsilanti, for purposes of designating the area of the Adrian-Tecumseh LDFA as a certified technology park meeting the criteria of Act 281 for such designation, and

WHEREAS, the Ann Arbor-Ypsilanti LDFA has reviewed said Satellite Smartzone Agreement and agrees with its provisions,

NOW, THEREFORE, the Ann Arbor-Ypsilanti LDFA approves the Satellite Smartzone Agreement attached hereto as Exhibit A and requests that the Cities of Ann Arbor and Ypsilanti approve Exhibit A.

**RESOLUTION APPROVING DESIGNATION OF BRIGHTON LDFA AS
CERTIFIED TECHNOLOGY PARK (SMARTZONE)**

WHEREAS, the Cities of Ann Arbor and Ypsilanti have heretofore created a Local Development Finance Authority (hereinafter “the Ann Arbor-Ypsilanti LDFA”) pursuant to Act 281 of 1986, as amended, and

WHEREAS, the Ann Arbor-Ypsilanti LDFA has been designated a certified technology park, or Smart Zone, under Act 281, thereby authorizing the Ann Arbor-Ypsilanti LDFA to capture certain tax increment revenues under Act 281, and

WHEREAS, under Act 281, an agreement may be made between the host municipalities of an LDFA and another LDFA (hereinafter “the satellite LDFA”) designating a geographic area within the satellite LDFA as a certified technology park, and thereby, with appropriate State approval, enabling the satellite LDFA to capture certain tax increment revenues as well as enabling the host LDFA to extend the period for its capture of such revenues, and

WHEREAS, the City of Brighton has created an LDFA and has authorized negotiation with the Cities of Ann Arbor and Ypsilanti for the purposes of designating the area of the Brighton LDFA as a certified technology park meeting the criteria of Act 281 for such designation, and

WHEREAS, the Ann Arbor-Ypsilanti LDFA recommends that an Agreement, in substantially the form attached hereto as Exhibit A, be entered into with the Brighton LDFA,

NOW, THEREFORE, the Ann Arbor-Ypsilanti LDFA approves the proposed Agreement with the Brighton LDFA and requests that the Cities of Ann Arbor and Ypsilanti approve the Agreement in substantially the form attached as Exhibit A.

Draft Plan Amendments

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LOCAL DEVELOPMENT FINANCE AUTHORITY

CITIES OF ANN ARBOR AND YPSILANTI

COUNTY OF WASHTENAW

STATE OF MICHIGAN

**TAX INCREMENT FINANCING AND DEVELOPMENT PLAN
FOR THE
ANN ARBOR/YPSILANTI SMARTZONE**

Section I: Introduction

The State of Michigan, through PA 248 of 2000, has established the SmartZone program designed to foster the development of high technology enterprises through commercialization of university technologies and the establishment of new firms. The SmartZone program facilitates the capture of certain taxes for use by a Local Development Finance Authority (LDFA) to create or promote the development and attraction of high-technology activities to the designated SmartZone. The legislation allows the captured funds to be used to develop business incubators, improve property and market the area to attract high-tech businesses. SmartZones have a competitive advantage over other economic development programs in that they require partnerships that link business development and location with the technologies and technology transfer functions of the state's universities.

In October, 2000, the Ann Arbor Downtown Development Authority submitted a proposal for SmartZone status on behalf of the cities of Ann Arbor and Ypsilanti (the "Cities"), and a variety of partners, including: Washtenaw Development Council, University of Michigan, Eastern Michigan University, Ann Arbor and Ypsilanti Downtown Development Authorities, Small Business Development Center and Ann Arbor IT Zone.

The proposal was designed to enhance existing efforts in high technology business formation and attraction being undertaken by the SBDC, universities and the IT Zone.

On April 11, 2001, the Michigan Economic Development Corporation announced that this proposal had received SmartZone status – one of eleven designated across the state.

Public Act 281 of 1986, as amended, governs SmartZone designation specifically, by Public Act 248 of 2000. This legislation allows a community designated by the MEDC as a SmartZone to establish an LDFA, which may, in cooperation with the MEDC and the incorporating municipality(ies) implement a "certified technology park", to be known by the term "SmartZone." Within a SmartZone, the LDFA may utilize tax increment

financing to develop eligible projects within the SmartZone, in accordance with PA 281 of 1986, as amended. These projects are further subject to the 'Development Agreement' between the LDFA and the Michigan Economic Development Corporation (MEDC).

PA 248 of 2000 also anticipated the creation of multi-jurisdictional SmartZones, such as those proposed by Ann Arbor/Ypsilanti. The creation of a multi-jurisdictional SmartZone also requires the approval of the County of Washtenaw. The Ann Arbor/Ypsilanti SmartZone plan was adopted by the City of Ann Arbor and City of Ypsilanti on June 27, 2002 and the County of Washtenaw on July 17, 2002. A map of the ~~proposed~~ SmartZone LDFA District is attached as **Appendix A**. The schedule for adoption of the resolutions establishing the LDFA follows:

<u>Public Hearing on Establishment</u>	
<u>City of Ann Arbor</u>	<u>April 29, 2002</u>
<u>City of Ypsilanti</u>	<u>April 23, 2002</u>
<u>Adoption of Resolution Creating</u>	
<u>Ann Arbor/Ypsilanti LDFA</u>	
<u>City of Ann Arbor</u>	<u>June 27, 2002</u>
<u>City of Ypsilanti</u>	<u>June 27, 2002</u>
<u>County of Washtenaw</u>	<u>July 17, 2002</u>

These resolutions are included as **Appendix B**.

PA 248 of 2000 was amended in 2012 to allow existing SmartZone LDFAs to extend the life of the LDFA and the tax capture another 5 or 15 years. The City of Ann Arbor on June 2, 2014 and the City of Ypsilanti on June 3, 2014 passed a resolution supporting the application for such extension.

Section II: Tax Increment Financing Plan Under PA 281 of 1986

This ~~p~~Plan will authorize the capture of certain tax increment revenues by the LDFA for purposes of funding the elements included in the Plan. PA 281 of 1986, as amended, establishes and defines the activities that may be undertaken within such a Plan. The ~~p~~Plan includes all the purposes allowed under the statute.

1. Boundaries of the Ann Arbor/Ypsilanti SmartZone and Properties Subject to the Plan

Upon final designation As ~~previously~~ approved by the MEDC pursuant to PA 281 of 1986, as amended, the LDFA District established by the Cities encompasses the boundaries of the SmartZone. A map of the SmartZone LDFA District is ~~included~~ attached as **Appendix A**. As a designated SmartZone and pursuant to the terms of the Development Agreement Plan, public facilities may be developed for any eligible property within the SmartZone, and a business incubator or its equivalent may be located anywhere within these boundaries.

Adopted by LDFA 10/2/02

Adopted by City of Ann Arbor 11/19/02

Adopted by City of Ypsilanti 11/20/02

It is anticipated that these boundaries may be amended from time-to-time, and may, at the recommendation of the ‘SmartZone LDFA Board’, and as approved by the member municipalities, be extended to other municipalities. In that event, the terms of this plan shall apply to new members in their entirety.

All property within these boundaries shall be subject to the terms of this pPlan, except that tax increments subject to the current tax increment financing plans of the Ann Arbor and Ypsilanti Downtown Development Authorities shall be regarded as ‘senior’.

2. Estimates of Captured Taxable Value and Tax Increment Revenue

Beginning in 2003, the LDFA ~~will~~ commenced capture of ad valorem and specific tax levies on all new and incremental growth from the initial assessed value of Captured Property determined on the basis of assessments as of December 31, 2000. The initial taxable value of the LDFA District ~~is was~~ \$261,776,313. Upon final approval by MEDC, ~~the~~ LDFA will capture tax dollars for an additional fifteen (15) years beyond the original 2003-2018 approved term, which would ~~commencing~~ with levies imposed in ~~2003-2019~~ through the levies imposed in ~~2018~~2034.

The SmartZone LDFA District overlaps the development areas of the Downtown Development Authority in both Ann Arbor and Ypsilanti. Each DDA captures tax increment revenues from the captured taxable values of their respective development areas, and is expected, for the purposes of this Plan, to continue to do so to the maximum extent permitted by law and their respective tax increment financing and development plans.

Under this Plan, tax increment revenues subject to capture by the LDFA shall include, to the maximum extent permitted by Act 281 of 1986, as amended, the following: Ann Arbor portion of the district – 50% of operating millage of local school districts and 50% of the State Education Tax levied upon the Captured Property. [Hold harmless millages are excluded from capture under this Plan] Ypsilanti: no revenue shall be captured at the present time. The LDFA shall not capture tax revenues attributable to the levies of any other taxing jurisdiction.

3. Anticipated Captured Revenue Stream

~~Chart Table 1, attached hereto,~~ estimates the amount of tax increment revenue available for disbursement to the LDFA and the impact of this Plan upon the local school districts and the State. Based on current ~~s~~State law, this Plan shall have no direct impact upon the local school districts, as it has no direct impact upon the per pupil reimbursement from the State to the public schools. [The impact to the State School Aide Fund will be approximately \$244559,000,000 over the extended 15 years of the LDFA pPlan-] ~~absent~~

any revenue offset from the State general fund and/or returns from LDFA contracted activities. † This translates to approximately \$1,6003,000,000 annually, or \$0.791.94/student statewide.]

4. Explanation of Procedure

Tax increment financing for a SmartZone, or ‘certified technology park’ permits the LDFA to capture tax revenues attributable to increases in the value of all real and personal property that is within the SmartZone and that has been made subject to the tax increment revenue calculation (Captured Property). Act 281 of 1986 governs the tax increment finance procedure. These procedures outlined below are effective as of the date of adoption of this Plan, but are subject to any changes imposed by future amendments to Act 281.

Upon adoption of this pPlan by the Cities, the initial taxable value of the eCaptured Property was established as of December 31, 2001. In each year the Plan is in effect, the “Current Taxable Value” of Captured Property is determined.

The amount by which the aggregate Current Taxable Value of Captured Property exceeds its Initial Taxable Value in any one year is the “Captured Taxable Value” of the SmartZone. As discussed above, the SmartZone LDFA District overlaps a DDA created in both Ann Arbor and Ypsilanti. In Ann Arbor, the DDA captures tax increment revenues attributable to other than local school districts, intermediate school districts and the State Education Tax. The Ypsilanti DDA captures these taxes, plus the taxes attributable to local school district operating millages, intermediate school district and the State Education Tax. These captures of tax increment revenues by the DDA’s will be exempted from the annual calculations of the tax increment revenues available to be captured by the LDFA under this Plan. Additionally, the intermediate school district tax capture has been exempted from this Plan, as such revenue supports direct student services, and is not subject to per pupil reimbursement from the State School Aide Fund.

As a SmartZone, tax increment revenues authorized to be captured under this Plan from Captured Property may be used subject to required approvals of MEDC, to assure conformance with PA 281 as amended.

Tax Increment Revenues in excess of the estimates set forth in this Plan, or in excess of the actual costs of this Amended Plan to be paid from Tax Increment Revenues will be considered surplus under Act 281. Unless retained to further implementation of the Development Plan set forth in Section III pursuant to a resolution of the AuthorityLDFA, surplus tax increment revenues must revert proportionately to the respective taxing jurisdictions from which collected.

5. Operating and Administrative Expenditures

As the LDFA determines, expenses related to operating, administration, planning and those expenditures allowed by PA 281 of 1986, as amended, are expenditures for 'public facilities' for which tax increment revenues may be used, and will be budgeted and approved by the LDFA and the eCities for payment from tax increment financing revenues.

It is anticipated that the LDFA will contract with the City of Ann Arbor and/or the Washtenaw Development CouncilAnn Arbor SparkPARK, or successor organization an organization providing economic development services, to support the operation of the LDFA. The City will provide financial management, audit and required reporting. The WDCAnn Arbor SPARK and tThe City will also provide secretarial services, including preparation and follow up from all LDFA meetings, meeting posting and required planning and administration to assure the execution of the LDFA's adopted plans. In the event the Ypsilanti portion of the LDFA begins to generate revenue in support of the Smart-Zone, the same provision will apply to the Ypsilanti-portion of the SmartZone, with the City of Ypsilanti providing financial management for that funding. Operating and planning expenses of the Authority LDFA that are to be directly supported with tax increment revenues of the LDFA are anticipated not to exceed 20% of the LDFA annual tax increment revenues.

6. Notes or Bonded Indebtedness

Subject to the requirements and restriction of sState law, an LDFA may participate in the authorization, issuance and sale of notes or bonds. The exact type of note or bond to be issued will be decided by the LDFA and the respective City Council as the occasion arises. The LDFA does not anticipate issuing any bonded indebtedness. A decision to do so would require an amendment to this Plan. Notwithstanding the LDFA's statutory authorization to issue revenue bonds, it is agreed by the LDFA and the Cities that no revenue bonds will be authorized for issuance by the LDFA during the term of the Plan. However, the LDFA may enter into an agreement with Ann Arbor or the Cities to pay debt service from bonds issued by Ann Arbor or the Cities to the extent the bonds are utilized to meet the permissible expenditures under the Development Plan.

7. Use of Tax Increment Revenue

The LDFA adopts by reference the Development Plan contained in Section III~~V~~ and as part of this Plan. The scope of activity within the Development Plan is the primary focus of expenditure(s) by the LDFA. To carry out the Development Plan, expenditures include, but are not limited to, the following:

- All eligible expenditures allowed by PA 281 of 1986, as amended, and specifically related to acquisition, construction and operation of certified technology parks, incubator facilities and other eligible properties.

- Cash payments for fulfilling activity contained in the Development Plan.
- Set asides required for any capital reserve fund(s) that the LDFA may establish.
- Payment for contractual services, whether between the LDFA and the eCities, or other public or private entity, for planning, administration, or general services fulfilling the objectives of the Development Plan.
- Payments for contractual services, whether between the LDFA and the Cities, or other public or private entity, for services maintaining the infrastructure or administration of eligible property or programs within the LDFA District.
- Payments for installation of technology related infrastructure assets, i.e. fiber lines, nodes, or work spaces. -
~~Investment to non-bankable, seed stage technology companies.~~
- Talent recruitment and retention programs.
- Leverage Utilization of grants and donations for collaboration with other communities and programs.
- Accelerator services throughout the entire SmartZone District.

8. Sources of Revenue

The LDFA, by its statutory authority and subject to the restriction in Section 6 above, may issue ~~revenue bonds~~, tax increment bonds, borrow funds from any source, or negotiate credit lines. It may also accept grants, donations and other sources of revenue. In the event notes or bonded indebtedness are incurred by the LDFA, the full faith and credit of the Cities may be pledged to support such indebtedness in the manner and subject to the approval required by Act 281 of 1986, as amended.

~~It is not anticipated that costs related to the purposes of the Development Plan will be funded or financed by advances from or indebtedness incurred by either City. Any such action would require an amendment to this plan.~~

9. Excess Revenue

It is the intent of the LDFA to pledge any excess revenue to the furtherance of the Development Plan, directed as the occasion may require, by adoption of appropriate resolutions.

10. Duration of Plan; Dissolution

Tax increment revenues shall continue to be captured by the LDFA from levies in 2003 through levies in 20182034. The Development Plan portion of this Plan shall remain in effect until the end of the LDFA fiscal year commencing in 20182034, or until the

~~purposes of the Development~~ TIF funds have been fully expended as contemplated by the ~~Development~~ Plan ~~has been fulfilled~~, whichever is ~~the earlier date~~ greater ~~later~~.

At no time shall the LDFA be dissolved unless the principal and interest on all obligations issued or incurred by the LDFA have been extinguished, or that sufficient funds to services those obligations have been placed in an irrevocable trust.

11. Job/Business Creation Estimates

The estimation of jobs in the high technology sector and under the program outlined by this Plan is a speculative venture contingent upon many factors outside the control of the LDFA. However, the writers of this plan estimate that 700 more jobs may be created as a direct and indirect result of these activities. This estimate is based upon the following assumptions: A survey conducted in 1998 by the Washtenaw Development Council and the Ann Arbor Software Council determined that the average technology company in the area employed 57 individuals after approximately 10 years of operation. Based on the establishment and/or location of two new businesses each year within either the Ann Arbor or Ypsilanti portions of the SmartZone, this would result in the creation of just over 700 jobs during the 15-year life of the LDFA.

~~We believe that businesses of this scale can find appropriate facilities within the areas encompassed by the SmartZone.~~ current track record of the programs funded by the LDFA from 2002 to 2014. It is reasonable to estimate that the contractor providing the services to companies for the LDFA, ~~Ann Arbor SPARK~~, can maintain the trend of companies created at 20 per year over the course of the additional 15 year Smart-Zone extension resulting in a total of 300 companies created by 2033. Assuming the continued support of the current ecosystem for client companies, and the achievement of catalyzing the creation of 300 new companies, SPARK it is projected that to serve 900 unique companies will be served over the 15 extension.

In terms of private equity and grant funding received by companies served, an average of \$10 million per year can be raised, cumulating \$150 million of grants and private equity over the course of 15 years.

12. Summary

The ~~adoption of this amended~~ Plan, as amended, ~~will continue to~~ provide capital needed for the facilitation of the commercialization of research products being developed at University of Michigan and Eastern Michigan University, and other community institutions, and the development of private high technology enterprises that, but for this Plan, would be deferred, or located outside of the Cities and this State. The activities detailed in the Development Plan, and financed by this LDFA will induce the growth and

retention of technology-led economic development, benefiting residents with new opportunity and increasing property values to taxing jurisdictions in the region.

Section III: The Development Plan

Introduction

The following Development Plan adheres to the required statutory provisions of PA 281 of 1986, as amended, being Section 15 specifically, and assumes final designation of the LDFA district as a “certified technology park.”

The LDFA anticipates implementation of the Development Plan asis and will continue to be a collaborative effort between the LDFA, the Cities, the Ann Arbor IT Zone, the Washtenaw Development Council (WDC), University of Michigan and Eastern Michigan University, the Small Business Development Center, various private venture and service providers, and a-to-be-developed-business-accelerator Ann Arbor SPARK (SPARK). The WDC, and the Ann Arbor IT Zone SPARK, through the business accelerator partners are anticipated to An economic business organization will assume, on behalf of or in collaboration with the LDFA, functions related to assuring the successful implementation of the purposes of this Development Plan. This Development Plan recognizes that other partners will provide other programs and services on behalf of the ‘SmartZone’, not party to the LDFA and its Development Plan.

SPARK is the lead economic development organization for Washtenaw County, with one of its missions the acceleration of emerging driving industry start-up companies. If successfully nurtured through its growth stage, a driving industry company will generate a ripple of economic growth in the community beyond its direct contribution. The primary driving industries the LDFA and SPARK focus on include information technology, life sciences, advanced materials & manufacturing, automotive, and homeland security & defense. Together, these five industry segments account for 80% of the jobs created in our client companies, and over \$130 million of private investment in the Ann Arbor area.

Entrepreneurs and companies served through programs like the Entrepreneur Boot Camp, Accelerator Grants, Micro loans, and incubator facilities, more than 600 companies have benefited. These companies today employ more than 2,000 people, nearly 600 more than when they were first provided assistance with LDFA resources. These companies have received \$42 million dollars of grants from around the state and country. Information technology companies constitute 38% of the companies served by SPARK, and are responsible for half of the job creation reported. Life sciences companies represent only 16% of Spark’s client company base, but have generated about half of the private equity investment.

The above data is reported by the companies served in annual surveys and in ongoing direct contact with SPARK.

The WDCSpark is the lead economic development organization for Washtenaw County, with one of its missions the encouragement of emerging industries. The IT Zone is a membership organization, charged with encouraging the technology industry in Washtenaw County, including establishment of new business enterprises in technology fields. Both organizations have as a subsidiary goal the retention of technology graduates from area colleges and Universities. The third, key, party to the plan is a technology accelerator. This program is currently being developed under the guidance of volunteers from the Ann Arbor IT Zone, the University of Michigan, Eastern Michigan University, and a variety of business and private volunteers. The exact operation of this accelerator will be determined based on the final configuration, and subject to approval by the LDFA. Currently, accelerator proponents anticipate a relationship with the Ann Arbor IT Zone, which uses the Zone to compliment the work of the accelerator, but assure the accelerator of independent status.

Entrepreneurs and companies served through programs like the Entrepreneur Boot Camp, Accelerator Grants, Micro loans, and incubator facilities, more than 500 companies have benefited. These companies today employ more than 1,400 people, about 500 more than when they were first provided assistance with LDFA resources.

1. Description(s) of Property to which Development Plan Applies

The Development Plan applies to the SmartZone LDFA District, which encompasses all or part of the Downtown Development Districts of Ann Arbor and Ypsilanti and may apply to the boundaries of the Cities as described in Section 3 below. A map of the SmartZone LDFA District is attached as Attachment Appendix A. For purposes of this Development pPlan, 'eligible property' is deemed to be the facilities known as the "Ann Arbor ITZone" and the Ann Arbor Ypsilanti Area Smart Zone Business Accelerator SPARK Central, currently located at 330 E. Liberty, Ann Arbor, Michigan and SPARK East located at 215 W. Michigan Avenue, Ypsilanti, Michigan. This plan assumes that the definition of an 'eligible property' may extend to other facilities occupied by the accelerator and/or the IT Zone within the city limits of Ann Arbor and Ypsilanti where there can be accelerator services.

2. Boundaries of Property to which the Development Plan Applies

The Map in Appendix Attachment BA shows the boundaries of the SmartZone LDFA District, all of which is subject to this Development Plan. The Eligible Property within the SmartZone LDFA District to which this Development Plan will initially apply is the ground floor of a three-story building owned by First Martin Corporation, and located at 330 E. Liberty, Ann Arbor, Michigan. This facility is the "Ann Arbor ITZone", and At this location is provides provided networking and educational services and incubator office space for the technology community in Washtenaw County. The IT Zone, in turn,

~~has entered into SPARK collaborations~~ collaborates with MichBio, the University of Michigan's Zell-Lurie Entrepreneurial Institute, ~~and the University of Michigan Office of Technology Transfer and Center for Entrepreneurship, Tech-Start program, the SBDC, New Enterprise Forum and other organizations~~ to expand its reach beyond ~~its initial interest in~~ the information technology industry, to serve all innovative ideas and technologies no matter the industry sector. These collaborating organizations have further agreed to cooperate with the proposed technology business accelerator.

3. Public Infrastructure ~~within the District~~ to which the Plan Applies

The SmartZone LDFA District is fully developed with roads, sidewalks, lighting and subsurface utilities. ~~Theis existing~~ infrastructure is publicly financed and maintained. ~~The Development Plan does not anticipate large-scale improvements to or expansions of this infrastructure. In the event sufficient revenues become available through this plan, i~~Investment may be made to facilitate the expansion of the technology infrastructure, such as high-speed telecommunications ~~infrastructure~~ throughout the ~~District's~~ service area ~~Cities' public facilities as defined by Act 281, or expansion of the incubator facilities with the SmartZone LDFA District. Alternatively~~ Additionally, the LDFA may become a grant recipient for financing designed to encourage this investment. Examples of such infrastructure might include timely installation of publicly-owned conduit in conjunction with other public infrastructure projects, and designed to reduce the costs of telecommunications extensions. **No LDFA funds shall be used to directly subsidize installation of this public infrastructure to an individual business, or to directly subsidize a regulated or unregulated telecommunications carrier.**

4. Public Facilities and Improvement Anticipated

Other than the operating and planning costs associated with the LDFA, 'public facilities' shall be defined as those activities necessary to support the operation of the technology business accelerator (the Accelerator) in its efforts to provide services to emerging and growing companies in technology sectors and the installation of technology related public infrastructure.. The ownership of the Accelerator facility will remain in private hands, with the ~~a~~Accelerator continuing to provide resources to its members and others through partnerships with such entities as the University of Michigan TechStart program, the Small Business Development ~~Center's SBDC@ITZone program~~, and the Business Assistance Team and such other public, non-profit and private entities as may be determined. ~~Theis facility~~ Accelerator shall be considered an 'incubator' under the terms of Act 281 of 1986, as amended, and proceeds from the LDFA attributable to this facility shall be used in accordance with the Act.

~~All projects are anticipated to begin by fourth quarter, 2002, and be carried forward through the life of the LDFA.~~ LDFA revenues will be budgeted for items as approved in

the LDFA ~~p~~Development Plan on an annual basis, and expenditures attributable to these items shall not exceed available LDFA revenues.

In addition to support of the ~~accelerator~~ public facilities and improvements identified, the LDFA anticipates using tax increment revenues received under ~~theis~~ Development Plan for funding the costs related to providing administrative services to the LDFA. It is anticipated that the City of Ann Arbor and/or ~~the Washtenaw Development Council~~ SPARK-an organization providing economic development service will provide these services to the SmartZone. The City service provider shall be compensated for actual costs attributable to periodic audits and the annual filing of such reports as required by the Michigan Department of Treasury or Michigan Economic Development Corporation in support of the LDFA, as well as other, related, costs of financial administration and compliance. The ~~WDC City of Ann Arbor and SPARK~~ service provider shall also be compensated for actual out-of-pocket costs of meeting publication and the expenses for supporting the LDFA. It is not anticipated that the LDFA will hire staff directly, but, rather, shall carry out its plans through the work of the various Smart Zone partners.

These administrative costs in total are not anticipated to exceed 20% of revenues received by the LDFA in any single year.

Other projects, including marketing, telecommunications connectivity and various educational programs will be supported by the LDFA as funds become available.

5. ~~Staging/Timelines~~

~~The Ann Arbor ITZone has been designated by the MEDC as a business accelerator, and funding for the initial two years is in place. Other projects are staged for implementation, beginning in 2003 and beyond.~~

6.5. Property Sales/Transfers to or from Ann Arbor or Ypsilanti

The LDFA does not currently own any property in the SmartZone LDFA District subject to ~~this-TIF and Development~~ Plan. The LDFA does not anticipate any sales, donations, exchanges, and leases of land by the LDFA to either the City of Ann Arbor or the City of Ypsilanti, or from either city to the LDFA. The LDFA may enter into sales, donations, exchanges, and leases of other assets to the extent it fulfills the mission of the Development Plan.

7.6. Zoning/Utility Changes

The SmartZone LDFA District and the Eligible Property are properly zoned for the purposes of this Development Plan. No zoning changes or changes in streets, street levels, intersections or utilities are presently anticipated.

8.7. Overall Cost Estimates and Financing

It is estimated that the overall cost to the LDFA of implementing this Development ~~p~~Plan from ~~2003-2019~~ – ~~2018-2034~~ will be approximately \$~~255~~~~09~~,000,000. These cost estimates include the operation of the, the costs of operation of the LDFA, and the costs of extending publicly owned ~~conduit technology related infrastructure~~ as appropriate. These costs will be funded with tax increment revenues, user fees and grants. In the event that costs exceed the available tax increment financing, priority will be provided to funding programs, rather than LDFA operations.

9.8. Persons to Whom Public Facilities will be Conveyed and Persons Receiving Benefit

As previously indicated in this Development Plan, ~~the Ann Arbor ITZoneSPARK~~ is a tenant in a privately owned building. No actually conveyance will take place. Although the term of the lease does not extend for the length of the LDFA, it is anticipated that ~~the Ann Arbor ITZoneSPARK~~ will continue to be a tenant in a privately owned facility, and not a building owner. ~~The IT ZoneSPARK~~ will provide the physical home for the ~~business a~~Accelerator. ~~The Ann Arbor ITZoneSPARK~~ will maintain its qualification as a provider of business incubator services under Act 281 of 1986, as amended, for the term of this Development Plan. Failure of ~~the Ann Arbor ITZoneSPARK~~ to maintain its qualification under the Act shall result in withdrawal of LDFA funding.

Beneficiaries of ~~the Ann Arbor ITZoneSPARK~~~~the SmartZone~~ will be the small and emerging businesses, meeting applicable criteria, establishing operations in the SmartZone.

10.9. Procedures for Leasing, Purchasing and Conveying Public Facilities

No actual conveyance of public facilities is anticipated under this Development Plan. It is anticipated that the ~~technology business a~~Accelerator will share space with ~~the Ann Arbor IT ZoneSPARK~~, due to ~~the IT ZoneSPARK~~'s current role as a lead organization for the ~~information~~technology community in the Ann Arbor/Ypsilanti area. It is the intent of the LDFA to provide these services in a manner that assures the successful implementation of this ~~d~~Development pPlan, and the growth of ~~information all type~~ technology businesses within the community. The LDFA believes this can best be accomplished through the enhancement of an existing program.

11.10. Residences and Resident Relocation Assistance

There will be no need to remove or relocate any residents or homesteads.

12.11. Amendments

This Development Plan is adopted in accordance with PA 281 of 1986, as amended, and may be hanged from time-to-time by resolution of the LDFA and the Cities.

ADOPTED THIS 2nd DAY OF OCTOBER, 2002201.

Appendix A	Map of Proposed SmartZone
Appendix B	Resolutions of Adoption
Table <u>1</u>	Assumptions
Table <u>21</u>	Anticipated Tax Increment Revenue
Table <u>32</u>	Anticipated Tax Increment Expenditures
Attachment 1	Agreement Between Cities