

TAX INCREMENT FINANCING AND DEVELOPMENT PLAN
FOR THE
ANN ARBOR/YPSILANTI SMARTZONE LOCAL DEVELOPMENT FINANCE AUTHORITY



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| Adopted by Ann Arbor/Ypsilanti SmartZone LDFA | 10/02/02 |
| Adopted by City of Ann Arbor | 11/19/02 |
| Adopted by City of Ypsilanti | 11/20/02 |
| Ratified by the State Treasurer | 12/18/02 |

Amendment No. 1
Adopted by Ann Arbor/Ypsilanti SmartZone LDFA
Adopted by City of Ann Arbor
Adopted by City of Ypsilanti
Ratified by the State Treasurer

Table of Contents

| | |
|---|----|
| Section I. Introduction..... | 4 |
| Section II. Tax Increment Financing Plan Under PA 281 of 1986 | 8 |
| (1)(a) Reason Captured Assessed Value Would Not Be Expected Without the TIFP | 9 |
| (1)(b) and (c) Estimate of Captured Assessed Value and Tax Increment Revenues | 10 |
| Table 1 Estimated Tax Increment Revenue..... | 11 |
| (1)(d) Tax Increment Procedure | 11 |
| (1)(e) Note or Bonded Indebtedness | 13 |
| (1)(f) Amount of Operating & Planning Expenditures..... | 14 |
| (1)(g) Cost of Plan Anticipated to be Paid from TIF Revenue..... | 17 |
| (1)(h) Duration of the Plan | 18 |
| (1)(i) Impact of TIF on Revenues of Taxing Jurisdictions..... | 18 |
| (1)(j) Legal Description of Property to Which the TIFP Applied | 18 |
| (1)(k) Jobs Created | 18 |
| (1)(l) Boundaries..... | 19 |
| Section III. Development Plan | 20 |
| 2(a) and (b) Property Description and Boundaries | 22 |
| (2)(c) Location and Description of Existing Property | 22 |
| (2)(d) and (e) Public Facilities and Anticipated Improvements..... | 23 |
| (2)(f) Planned Construction..... | 23 |
| (2)(g) Property Sales, Donation, Exchange or Lease | 24 |
| (2)(h) Desired Zoning, Streets, Intersections, and Utilities Changes | 24 |
| (2)(i) Public Facility Cost | 24 |
| (2)(j) and (k) Lease, Sell, Convey or Transfer Public Facilities | 24 |
| (2)(l) through (o) Displaced Residents | 25 |
| (2)(p) Other Pertinent Information | 25 |
| APPENDICES INDEX | 26 |
| Appendix A Ann Arbor/Ypsilanti SmartZone Map | |
| Appendix B Legal Description/Boundaries of the Ann Arbor/Ypsilanti SmartZone LDFA | |

Appendix C Satellite Agreement between Cities of Ann Arbor and Ypsilanti and the Adrian/Tecumseh
LDFA

Appendix D Ann Arbor/Ypsilanti SmartZone Agreement Amendment No. 1

Appendix E Ann Arbor/Ypsilanti SmartZone Agreement

Appendix F Resolutions of Approval

City of Ann Arbor

City of Ypsilanti

LDFA of the Cities of Adrian and Tecumseh

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE
CITIES OF ANN ARBOR AND YPSILANTI
COUNTY OF WASHTENAW
STATE OF MICHIGAN

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

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 required

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 SmartZone LDFA is attached as Appendix A.

PA 290 of 2012, Section 2.(jj) (ii) (ii) (B) allows for a municipality that has created a certified technology park that has entered into an agreement with another authority that does not contain a certified technology park to designate a distinct geographic area under section 12b, that authority that has created the certified technology park and the associated distinct geographic area may both capture under this sub-subparagraph for an additional period of 15 years as determined by the state treasurer and the president of the Michigan economic development corporation.

Recognizing the opportunities provided by PA 290 of 2012, the Cities of Ann Arbor and Ypsilanti (“the Cities”), as host cities for the Ann Arbor/Ypsilanti SmartZone LDFA (“Host Cities”) separately adopted resolutions affirming the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA to facilitate the development and support of new and existing technology-led businesses within the Authority and partnering with a Satellite SmartZone LDFA for greater regional collaboration. On recommendation by the Authority, the Cities approved the selection of the Adrian/Tecumseh LDFA as a Satellite SmartZone, citing the following criteria as the basis of their selection:

- The selection of Adrian/Tecumseh LDFA as a satellite provides unique characteristics and specialties through its public and private resources including the location of Adrian College, Siena Heights University and Jackson College within its TIF District and the opportunities for research partnerships and student/young entrepreneur involvement.
- The selection of the Adrian/Tecumseh LDFA as a satellite provides regional cooperation and collaboration benefits to the Authority and the Cities of Ann Arbor and Ypsilanti with joint focuses on technology (including expanding green technologies and agricultural technology) and entrepreneurial services.
- The selection of the Adrian/Tecumseh LDFA as a satellite provides value and support to the Authority by strengthening existing collaboratives, making available a new/expanded technical assistance and support through its Innovation Center at Adrian College, and agricultural and manufacturing resources.

On September 2, 2014, the Cities of Ann Arbor and Ypsilanti entered into an agreement with the Adrian/Tecumseh LDFA, attached as Appendix C, creating another SmartZone associated with the distinct geography of Adrian and Tecumseh in Lenawee County. The Agreement between the Cities and the Satellite LDFA, which incorporates the proposed Adrian/Tecumseh Executive Summary of its SmartZone Plan, includes provisions agreeing to the identification of legislative criteria required by MCL 125.2162(b) (“Legislative Criteria”) in the Satellite SmartZone Plan specifically:

- Identify the unique characteristics and specialties offered by the public and private resources available in the Satellite SmartZone.
- Identify the benefits to regional cooperation and collaboration.

- Identify how the Satellite SmartZone adds value to the mission of the Host (e.g., Cities) SmartZone.

In order to best utilize its resources, the Adrian/Tecumseh SmartZone 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

These areas of focus extend opportunities for employment in additional technology sectors of the Ann Arbor/Ypsilanti SmartZone and offer additional collaborative opportunities with research and development at the University of Michigan and Eastern Michigan Universities.

This Plan amends the Tax Increment Financing and Development Plan dated October 2, 2002 ("2002 Plan") to expand Plan expenditures within initial district and beyond within the territory constituting of the Cities of Ann Arbor and Ypsilanti in support of these communities and their regional partners and extend the term of the Plan an additional 15 years after the initial term ends. The amendments on use of funds will be implemented effective with the approval of the extension starting in fiscal year 2018 of the current TIF and Plan period.

One goal of this amendment is to permit and provide programs specifically for economic growth in the City of Ypsilanti. To accomplish this, the following edits are considered made to the 2002 Plan:

- Effective with this amendment, starting in fiscal year 2018, for both the remaining duration of the 2002 Plan and the duration of the new Plan, up to 10% of annual TIF capture will be allocated toward Ypsilanti-related programs.
- Section III(1) of the 2002 Plan is hereby amended such that the definition of 'eligible property' will now also include SPARK East located at 215 W. Michigan Avenue, Ypsilanti, Michigan. Under this amendment, 'eligible property' may now also include other facilities within the city limits of Ann Arbor and Ypsilanti.

Other goals of this amendment include permitting the SmartZone to utilize grants and donations for collaborative opportunities, allowing TIF proceeds to fund talent recruitment/retention programs, and the installation of technology related infrastructure. The SmartZone will immediately discontinue issuing new microloans and will wind-down the existing portfolio by allowing existing loans to be repaid under their existing terms without an early prepayment request from the LDFA. The amendment also modifies bonding language to permit the SmartZone to enter into agreements with the municipalities.

This Tax Increment Financing Plan ("TIFP") provides a summary of the methods that will be used to fund Ann Arbor/Ypsilanti SmartZones programs. As outlined in the TIFP, funding for projects

will be generated through tax increment financing (“TIF”), grants, local cooperation, and other funding eligible under Section 10 of PA 281.

The first year of TIF capture was Ann Arbor’s FY2004. Since that time the captured proceeds have been focused on efforts that support company creation and thereby increase employment levels. These activities include providing business acceleration services, supporting a business incubator, creating networking opportunities, leading talent attraction/retention efforts, and providing marketing. In future years, the SmartZone anticipates expanding activities into the City of Ypsilanti, which was previously not permitted, along with continuing the aforementioned activities in Ann Arbor. Each year the LDFA Board considers how best to achieve its objective and adjusts how it spends the TIF capture to reflect current trends and opportunities.

The original TIF plan projected cumulative TIF capture of \$21 million in the initial 15 years through FY2018. The writers of the plan estimated *“that 700 jobs may be created as a direct and indirect result of these activities”*; and *“the adoption of this Plan will provide capital needed for the facilitation of the commercialization of research products being developed at University of Michigan and Eastern Michigan University, 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.”* During the first 13 years of the Plan, 646 net new jobs of the 700 jobs forecasted in the 2002 Plan have been created by companies served; companies that have succeeded in establishing themselves in the marketplace and stayed in the State. These same companies have received about \$61.7 million in grant funding and \$248 million of private investment. 657 companies have been served with only 18 moving out of State and 213 moving outside the LDFA boundary but staying within the State. Both the TIF capture amounts and the job creation results are consistent with and on track with the original Plan.

The additional 15 years is projected to capture approximately \$66 million in TIF. The Ypsilanti designated area will receive up to 10% of the TIF capture to extend services to this portion of the SmartZone, which to date has not been able to take advantage of the Development Plan.

Over the course of the additional 15-year SmartZone extension, a total of 464 companies could be created, 1,161 tech companies could be served, and 1,606 jobs could be created. An average of \$23 million per year could be raised by these companies, cumulating over \$345 million of grants and private equity.

To recap, the original plan projected TIF capture of \$21 million to support the creation of 700 jobs. Through 2016, \$16 million has been captured and 646 jobs created. In the remaining years of the original plan \$5.3 million is expected to be captured and the jobs created should exceed the goal of 700. The 15-year extension period is expected to capture \$66 million and create 1,606 jobs.

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

This TIFP 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 with such a plan. The Ann Arbor/Ypsilanti SmartZone TIFP follows the statutory requirements of PA 281, specifically Section 12(1)(a) through (l) as stated below:

- (1) If the board determines that it is necessary for the achievement of the purposes of this act, the board shall prepare and submit a Tax Increment Financing Plan to the governing body. The plan shall be in compliance with PA 281, Section 13 and shall include a Development Plan as provided in Section 15. The plan shall also contain the following:
 - (a) A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected. The reasons may include, but are not limited to, activities of the municipality, authority, or others undertaken before formulation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means.
 - (b) An estimate of the captured assessed value for each year of the plan. The plan may provide for the use of part or all of the captured assessed value or, subject to subsection (3), of the tax increment revenues attributable to the levy of any taxing jurisdiction, but the portion intended to be used shall be clearly stated in the plan. The board or the municipality creating the authority may exclude from captured assessed value a percentage of captured assessed value as specified in the plan or growth in property value resulting solely from inflation. If excluded, the plan shall set forth the method for excluding growth in property value resulting solely from inflation.
 - (c) The estimated tax increment revenues for each year of the plan.
 - (d) A detailed explanation of the tax increment procedure.
 - (e) The maximum amount of note or bonded indebtedness to be incurred, if any.
 - (f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, and the amount of advances by others to be repaid from tax increment revenues.
 - (g) The costs of the plan anticipated to be paid from tax increment revenues as received.
 - (h) The duration of the Development Plan and the tax increment plan.

- (i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is or is anticipated to be located.
- (j) A legal description of the eligible property to which the Tax Increment Financing Plan applies or shall apply upon qualification as eligible property.
- (k) An estimate of the number of jobs to be created as a result of implementation of the tax increment financing plan.
- (l) The proposed boundaries of a certified technology park to be created under an agreement proposed to be entered into pursuant to section 12a, or of a certified alternative energy park to be created under an agreement proposed to be entered into pursuant to section 12c, or of a next Michigan development area designated under section 12e, an identification of the real property within the certified technology park, the certified alternative energy park, or the next Michigan development area to be included in the Tax Increment Financing Plan for purposes of determining tax increment revenues, and whether personal property located in the certified technology park, the certified alternative energy park, or the next Michigan development area is exempt from determining tax increment revenues.

The responses to PA 281 of 1986, as amended, Sections 12(1)(a) through (l) are addressed here:

(1)(a) Reason Captured Assessed Value Would Not Be Expected Without the TIFP

The Plan, as amended and extended, will continue to provide funding needed for the facilitation of the commercialization of research products being developed at University of Michigan, 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 opportunities and increasing property values to taxing jurisdictions in the region. The experience gleaned during the initial 15-year term disclosed evolving gaps in the areas of second and third stage company support.

The extension also leverages collaborating with the Adrian/Tecumseh SmartZone. The Adrian/Tecumseh SmartZone is focused on the areas of:

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

These areas of focus extend opportunities for employment in additional technology sectors of the Ann Arbor/Ypsilanti SmartZone and offer additional collaborative opportunities with research and development at the University of Michigan and Eastern Michigan University.

The Adrian/Tecumseh 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. Leveraging the unique assets of each partner will create opportunities for innovation and growth in the identified focus areas and further enhance the collaboration that already exists between our communities.

(1)(b) and (c) Estimate of Captured Assessed Value and Tax Increment Revenues

In fiscal year 2003, the LDFA established the tax capture base from which incremental growth would be captured. The initial taxable value of the LDFA District in fiscal year 2003 was \$248,052,105.

Upon final approval by MEDC, the LDFA will capture tax dollars for an additional fifteen (15) years, beyond the original fiscal year 2003-2018 approved term, which would commence with levies imposed for fiscal year 2019 through the levies imposed in fiscal year 2033.

Under the 2002 Plan, the LDFA does not capture property taxes within the City of Ypsilanti. The LDFA captures 50% of the operating millage of local school districts and 50% of the State Education Tax levied upon the Captured Property in the City of Ann Arbor. Under the amended Plan starting in fiscal year 2018, the LDFA would continue to not capture property taxes within the City of Ypsilanti. The LDFA will capture 50% of the operating millage of local school districts and 50% of the State Education Tax levied upon the Captured Property in the City of Ann Arbor through fiscal year 2018 and twenty-five percent (25%) for all incremental growth in captured value after fiscal 2018. The amended Plan will exclude the hold harmless portion of the local school millage in order to ensure there is no direct impact to local school district funding from the LDFA tax capture.

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.

Table 1 shows the estimated dollar amounts of captured tax increment revenue that is anticipated to be realized under this Plan. The State capture does not and will not exceed the local capture during the life of the Plan.¹

¹ Method of calculation discussed between the Cities and Jim Mills, Michigan Dept. of Treasury.

Table 1 Estimated Tax Increment Revenue

| Original / Extension Year | Fiscal Year | Taxable Value ⁽¹⁾ | Incremental Value | Tax Capture | | |
|---------------------------------|----------------|---------------------------------|----------------------|----------------------------|--------------------|---------------|
| | | | | School Oper ⁽²⁾ | SET ⁽²⁾ | Total |
| 15 | 2018 | \$ 598,029,122 | \$ 349,977,017 | \$ 2,690,761 | \$ 1,059,239 | \$ 3,750,000 |
| 1 | 2019 | \$ 621,950,287 | \$ 373,898,182 | \$ 2,744,399 | \$ 1,080,326 | \$ 3,824,725 |
| 2 | 2020 | \$ 646,828,298 | \$ 398,776,193 | \$ 2,792,424 | \$ 1,099,202 | \$ 3,891,626 |
| 3 | 2021 | \$ 672,701,430 | \$ 424,649,325 | \$ 2,842,369 | \$ 1,118,834 | \$ 3,961,203 |
| 4 | 2022 | \$ 699,609,488 | \$ 451,557,383 | \$ 2,894,313 | \$ 1,139,250 | \$ 4,033,563 |
| 5 | 2023 | \$ 727,593,867 | \$ 479,541,762 | \$ 2,948,335 | \$ 1,160,483 | \$ 4,108,818 |
| 6 | 2024 | \$ 756,697,622 | \$ 508,645,517 | \$ 3,004,518 | \$ 1,182,565 | \$ 4,187,083 |
| 7 | 2025 | \$ 786,965,527 | \$ 538,913,422 | \$ 3,062,947 | \$ 1,205,531 | \$ 4,268,478 |
| 8 | 2026 | \$ 818,444,148 | \$ 570,392,043 | \$ 3,123,714 | \$ 1,229,415 | \$ 4,353,129 |
| 9 | 2027 | \$ 851,181,914 | \$ 603,129,809 | \$ 3,186,911 | \$ 1,254,255 | \$ 4,441,166 |
| 10 | 2028 | \$ 885,229,190 | \$ 637,177,085 | \$ 3,252,637 | \$ 1,280,088 | \$ 4,532,725 |
| 11 | 2029 | \$ 920,638,358 | \$ 672,586,253 | \$ 3,320,991 | \$ 1,306,955 | \$ 4,627,946 |
| 12 | 2030 | \$ 957,463,892 | \$ 709,411,787 | \$ 3,392,080 | \$ 1,334,896 | \$ 4,726,976 |
| 13 | 2031 | \$ 995,762,448 | \$ 747,710,343 | \$ 3,466,012 | \$ 1,363,955 | \$ 4,829,967 |
| 14 | 2032 | \$ 1,035,592,946 | \$ 787,540,841 | \$ 3,542,902 | \$ 1,394,176 | \$ 4,937,078 |
| 15 | 2033 | \$ 1,077,016,663 | \$ 828,964,558 | \$ 3,622,866 | \$ 1,425,607 | \$ 5,048,473 |
| Total | | | | | | \$ 65,772,956 |

⁽¹⁾ Assume a 4% annual increase, which is consistent with the original plan (2% new construction/2% growth).

⁽²⁾ Applying applicable millage rates to the Incremental Value in this table will not equal the Projected Tax Capture. This is due to the fact that various types of personal property are now exempt from taxation at various levels, depending upon property classification. For School Operating tax, real property and utility personal property are captured at 9 mills, and commercial personal property is captured at 3 mills. Additionally, the LDFA has a negative capture for utility personal property in FY15. For SET, real and personal property less industrial personal property, are captured at 3 mills. The LDFA has negative industrial personal property capture in FY15, which increases capture of SET (see Michigan Department of Treasury Form 2604 (rev. 2/09), Step 5, Worksheet A, Line 5A).

(1)(d) Tax Increment Procedure

Tax increment financing allows a local government, through a SmartZone LDFA, to finance public improvements and economic development by capturing the property taxes levied on any increase in property values 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) in that district. Under a TIFP, a base year is established for the development district, resulting in an “Initial Assessed Value.” 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. 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.

The LDFA established a tax capture base in fiscal year 2003, when the LDFA agreement was implemented. The amended and extended Plan will continue to utilize this base. The only change in the amended tax increment procedures is to exclude hold harmless millages from capture. This change is being made to ensure that under existing law, the local school district funding is not directly impacted.

In each year the Plan is in effect, the "Current Taxable Value" of Captured Property is determined. For fiscal year 2018, the total taxable value is \$598,029,122. Increases in assessed values of Captured Property that result in the generation of tax increment revenue can be attributable to any of the following sources:

- New construction / investment / renovations occurring after date establishing the Initial Assessed Value.
- Expiring IFT
- Increases in property values that occur for any other reason

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.

As discussed above, the SmartZone LDFA District overlaps the DDA districts created in both Ann Arbor and Ypsilanti. In Ann Arbor, its DDA captures tax increment revenues attributable to all taxing authorities except local school districts, intermediate school districts and the State Education Tax. The Ypsilanti DDA currently captures from all taxing authorities including the taxes attributable to local school district operating millages, intermediate school district and the State Education Tax. After fiscal year 2015, the Ypsilanti DDA will no longer capture school taxes since pre-1994 debt will be paid-off. No taxes in Ypsilanti will be captured that are not captured by the DDA. These captures of tax increment revenues by the DDAs 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 Aid Fund.

Tax Increment Revenues captured under the 2002 Plan were utilized solely in Ann Arbor, the community in which they were collected. The amended and extended Plan will allow for the expenditure of Tax Increment Revenues from the Ann Arbor District throughout the SmartZone LDFA District to the extent provided for and for the purposes stated in the amended Plan.

Tax Increment Revenues 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 for further implementation of the Development Plan set forth in Section III pursuant to a resolution of the

LDFA, surplus tax increment revenues must revert proportionately to the respective taxing jurisdictions from which collected.

Approval of the TIF and Development Plans, and any amendment thereto (excluding amendments solely for revisions in estimates of captured assessed value and tax increment revenue), must be obtained following the notice, hearing, and disclosure provisions. The City Councils of Ann Arbor and Ypsilanti will each respectively hold a public hearing on the plans and shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to express their views and recommendations. The Ann Arbor/Ypsilanti SmartZone LDFA shall fully inform the taxing jurisdictions about the fiscal and economic implications of the proposed plans. The taxing jurisdictions may present their recommendations at the respective public hearings. Notice of the time and place of each City Council's public hearing shall be published twice in a newspaper of general circulation in the respective City, the first of which shall not be less than 20 days before the date set for the hearing. At the public hearing, the respective City Council shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference to the TIF and Development Plans. Each City Council shall make and preserve a record of the public hearing, including data presented at that time. The City Clerks of Ann Arbor and Ypsilanti shall provide copies to the other of the public hearing records. The City Councils of Ann Arbor and Ypsilanti shall determine whether the plans constitute a public purpose and shall approve, reject, or modify the plans. Once the plans are approved by each City Council, they will be reviewed and approved by the MEDC and the State Treasurer.

The City of Ann Arbor Treasurer shall levy captured millages upon Captured Property. The Treasurer shall collect these taxes and distribute them to the LDFA. The City of Ypsilanti shall follow the same procedures in the event the Plan is amended to approve tax capture in the Ypsilanti district.

(1)(e) Note or Bonded Indebtedness

Subject to the requirements and restriction of State 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 original plan did not anticipate any issuance of notes and/or bonds and required the adoption of a plan amendment to do so. Notwithstanding the LDFA's statutory authorization to issue revenue bonds, this amended plan recognizes that 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.

The LDFA, by its statutory authority and subject to the restrictions set forth above, may issue 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.

(1)(f) Amount of Operating & Planning 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 Cities for payment from tax increment financing revenues.

For the life of the TIFP, including any approved extension, it is anticipated that the LDFA will contract with the City of Ann Arbor and/or an organization providing economic development services, to support the operation of the LDFA. The City will continue to provide financial management, audit and required reporting as well as secretarial services, including preparation and follow up for all LDFA meetings, posting of meeting times and locations, 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 SmartZone, 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 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.

A summary breakdown of actual expenditures versus the 2002 Plan estimated expenditures for each year of the TIFP is below as Table 2. The breakdown of estimated expenditures for each year of the TIFP additional 15-year term is below as Table 3. These expenditures are currently expected to consist of the same type of expenditures incurred during the 2002 Plan original term. Additional expenditures may be deemed necessary based on expanded regional partnerships and will be reviewed with the LDFA Board as appropriate.

Table 2: Operating and Planning Expenditures

Ann Arbor - Ypsilanti SmartZone LDFA

BUDGET

| Expenditures | Fiscal Year | | | | | | | | | | | | | | | |
|---|---------------|------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Existing Plan - Assumed | | | | | | | | | | | | | | | | |
| Accelerator | | | | | | | | | | | | | | | | |
| LDFA | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | |
| Entrepreneurs of Tomorrow Program | | | | | | | | | | | | | | | | |
| Marketing | | | | | | | | | | | | | | | | |
| LDFA | | | | | | | | | | | | | | | | |
| Other | | | | | | | | | | | | | | | | |
| Telecommunications Connectivity ¹ | | | | | | | | | | | | | | | | |
| Administration ³ | | | | | | | | | | | | | | | | |
| Total LDFA Expenditures | \$ - | \$ 118,672 | \$ 273,762 | \$ 443,000 | \$ 598,098 | \$ 790,431 | \$ 998,185 | \$ 1,096,998 | \$ 1,350,758 | \$ 1,383,182 | \$ 1,429,248 | \$ 1,465,157 | \$ 1,502,502 | \$ 1,541,340 | \$ 1,581,733 | \$ 1,623,740 |
| Total LDFA Revenues (Existing Plan/Proposed) | \$ - | \$ 133,358 | \$ 283,808 | \$ 443,332 | \$ 615,489 | \$ 802,153 | \$ 1,003,427 | \$ 1,147,491 | \$ 1,391,288 | \$ 1,553,410 | \$ 1,783,741 | \$ 1,963,284 | \$ 2,150,008 | \$ 2,334,202 | \$ 2,546,163 | \$ 2,756,202 |
| Contribution to Fund Balance² | \$ - | \$ 14,686 | \$ 10,046 | \$ 332 | \$ 17,391 | \$ 11,722 | \$ 5,242 | \$ 50,493 | \$ 40,530 | \$ 170,228 | \$ 354,493 | \$ 498,127 | \$ 647,506 | \$ 792,862 | \$ 964,430 | \$ 1,132,462 |
| Existing Plan - Actual | | | | | | | | | | | | | | | | |
| Accelerator | | | | | | | | | | | | | | | | |
| Entrepreneur Education (bootcamp) | | | | | | | | | | | | | | | | |
| Marketing | | | | | | | | | | | | | | | | |
| Business Networking Events | | | | | | | | | | | | | | | | |
| SPARK Central Incubator | | | | | | | | | | | | | | | | |
| Admin. (Legal & City Admin) | | | | | | | | | | | | | | | | |
| SPARK Support (Accounting & Misc) | | | | | | | | | | | | | | | | |
| Internship & Talent Training | | | | | | | | | | | | | | | | |
| Business Software for Clients | | | | | | | | | | | | | | | | |
| Angel Investment Group | | | | | | | | | | | | | | | | |
| Micro Loan Program | | | | | | | | | | | | | | | | |
| Collaboration Networking | | | | | | | | | | | | | | | | |
| Cantillon Web Based Education | | | | | | | | | | | | | | | | |
| MITC | | | | | | | | | | | | | | | | |
| Total LDFA Expenditures | \$ 10,187,500 | \$ 250,109 | \$ 254,000 | \$ 254,000 | \$ 223,500 | \$ 410,680 | \$ 401,422 | \$ 661,948 | \$ 575,616 | \$ 763,361 | \$ 977,893 | \$ 963,623 | \$ 965,328 | \$ 1,165,576 | \$ 1,381,733 | \$ 1,623,740 |
| Total LDFA Revenues (incl. interest) | \$ 10,187,956 | \$ 338,312 | \$ 203,185 | \$ 320,147 | \$ 542,875 | \$ 762,487 | \$ 1,097,640 | \$ 1,357,510 | \$ 1,490,227 | \$ 1,454,117 | \$ 1,542,218 | \$ 1,981,483 | \$ 2,362,624 | \$ 2,529,390 | \$ 2,756,202 | \$ 2,981,956 |
| Contribution to Fund Balance | \$ 456 | \$ 88,203 | \$ (50,815) | \$ 66,147 | \$ 184,328 | \$ (110,349) | \$ 291,335 | \$ 8,374 | \$ 104,143 | \$ (2,502) | \$ 60,743 | \$ 256,261 | \$ 501,091 | \$ 62,917 | \$ 964,430 | \$ 1,132,462 |
| Existing Plan - Actual vs Assumed (higher/lower) | | | | | | | | | | | | | | | | |
| Accelerator | | | | | | | | | | | | | | | | |
| Entrepreneur Education (bootcamp) | | | | | | | | | | | | | | | | |
| Marketing | | | | | | | | | | | | | | | | |
| Business Networking Events | | | | | | | | | | | | | | | | |
| SPARK Central Incubator | | | | | | | | | | | | | | | | |
| Admin. (Legal & City Admin) | | | | | | | | | | | | | | | | |
| SPARK Support (Accounting & Misc) | | | | | | | | | | | | | | | | |
| Internship & Talent Training | | | | | | | | | | | | | | | | |
| Business Software for Clients | | | | | | | | | | | | | | | | |
| Angel Investment Group | | | | | | | | | | | | | | | | |
| Micro Loan Program | | | | | | | | | | | | | | | | |
| Collaboration Networking | | | | | | | | | | | | | | | | |
| Cantillon Web Based Education | | | | | | | | | | | | | | | | |
| Telecommunications Connectivity | | | | | | | | | | | | | | | | |
| MITC | | | | | | | | | | | | | | | | |
| Total LDFA Expenditures | \$ 10,187,500 | \$ 131,437 | \$ (19,762) | \$ (189,000) | \$ (239,551) | \$ 82,405 | \$ (191,880) | \$ 252,138 | \$ 35,326 | \$ 73,437 | \$ 52,227 | \$ 260,065 | \$ 359,031 | \$ 925,133 | \$ 1,132,462 | \$ 1,381,733 |

1. To be utilized in conjunction with the outcomes of the Link Michigan planning initiative.
 2. For new projects designed to further the goals of the SmartZone LDFA and/or to offset the impacts of recessionary periods.
 3. Maximum, not-to-exceed costs; based on actual
 Note: For planning purposes only. Both revenues and expenditures may differ significantly as implementation proceeds.

Table 3: Anticipated Tax Increment Revenues/Expenditures

Ann Arbor - Ypsilanti SmartZone LDFA
PROPOSED

| Amended Budget | Projections | | | | | | | | | | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| TIF Capture (1) | \$3,170,000 | \$3,750,000 | \$3,824,725 | \$3,891,626 | \$3,961,203 | \$4,033,563 | \$4,108,818 | \$4,187,083 | \$4,268,478 | \$4,353,129 | \$4,441,166 | \$4,532,725 | \$4,627,946 | \$4,726,976 | \$4,829,967 | \$4,937,078 | \$5,048,473 |
| Existing Expenditures | | | | | | | | | | | | | | | | | |
| Accelerator | \$1,529,868 | \$1,522,795 | | | | | | | | | | | | | | | |
| Entrepreneur Education (bootcamp) | 110,000 | 50,000 | | | | | | | | | | | | | | | |
| Marketing | 150,000 | 200,000 | | | | | | | | | | | | | | | |
| Business Networking Events/Sponsorships | 45,000 | 145,000 | | | | | | | | | | | | | | | |
| SPARK Central Incubator | 228,000 | 242,000 | | | | | | | | | | | | | | | |
| Admin. (Legal, City Admin) | 54,300 | 67,600 | | | | | | | | | | | | | | | |
| SPARK Support (Accounting & Misc) | 104,000 | 117,000 | | | | | | | | | | | | | | | |
| Internship & Talent Training | 300,000 | 450,000 | | | | | | | | | | | | | | | |
| Business Software for Clients | 20,000 | 25,000 | | | | | | | | | | | | | | | |
| Incubator Expansion | - | 45,000 | | | | | | | | | | | | | | | |
| Microloan Program (Winding Down) | (40,000) | (75,000) | | | | | | | | | | | | | | | |
| Consulting Services (LDFA) | 30,000 | 170,000 | | | | | | | | | | | | | | | |
| Mobility Support | - | 102,000 | | | | | | | | | | | | | | | |
| Talent Retention & Recruitment | - | - | | | | | | | | | | | | | | | |
| Utilization of Grants / Donations | - | - | | | | | | | | | | | | | | | |
| Installation of technology Related Infr. | - | - | | | | | | | | | | | | | | | |
| Total Non-Infrastructure Expenditures | \$2,531,168 | \$3,061,395 | | | | | | | | | | | | | | | |
| Proposed Expenditures for Existing Activities | | | | | | | | | | | | | | | | | |
| Growth (3% till 2026, after ramp down to 2%) | \$2,531,168 | \$3,061,395 | \$3,153,237 | \$3,247,834 | \$3,345,269 | \$3,445,627 | \$3,548,996 | \$3,655,466 | \$3,765,130 | \$3,878,084 | \$3,994,426 | \$4,079,453 | \$4,165,151 | \$4,254,278 | \$4,346,970 | \$4,443,370 | \$4,543,626 |
| Ypsilanti Portion | | | | | | | | | | | | | | | | | |
| 10% of capture | \$77,000 | \$375,000 | \$382,473 | \$389,163 | \$396,120 | \$403,356 | \$410,882 | \$418,708 | \$426,848 | \$435,313 | \$444,117 | \$453,273 | \$462,795 | \$472,698 | \$482,997 | \$493,708 | \$504,847 |
| Telecommunications Connectivity | | | | | | | | | | | | | | | | | |
| Available for infrastructure, new initiatives, & recessions | - | \$313,605 | \$289,016 | \$254,629 | \$219,814 | \$184,580 | \$148,940 | \$112,909 | \$76,500 | \$39,733 | \$2,623 | \$- | \$- | \$- | \$- | \$- | \$- |
| Total Proposed Expenditures | \$2,608,168 | \$3,750,000 | \$3,824,725 | \$3,891,626 | \$3,961,203 | \$4,033,563 | \$4,108,818 | \$4,187,083 | \$4,268,478 | \$4,353,129 | \$4,441,166 | \$4,532,725 | \$4,627,946 | \$4,726,976 | \$4,829,967 | \$4,937,078 | \$5,048,473 |
| Net Income (1) | \$561,832 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |

(1) Excludes interest income so that TIF projections are purely TIF tax capture.

(1)(g) Cost of Plan Anticipated to be Paid from TIF Revenue

The LDFA adopts by reference the Development Plan contained in Section III 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:

Existing Planned Expenditures

- 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 Cities, 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.

Additional Areas of Planned Expenditures

- Expenditures for technology related infrastructure (e.g. fiber lines, conduit, pole attachments, nodes, etc.).
- Talent recruitment and retention programs.
- Utilization of grants and donations for collaboration with other communities and programs.
- Economic development services throughout the Cities.
- All eligible expenditures allowed by PA 281 of 1986, as amended

The above referenced Table 3 projects expenditures by large category area. The amended TIFP permits three activities where the SmartZone has not historically expended funds, specifically it:

1. allows the expenditure of funds in the City of Ypsilanti;
2. allows for the support of talent and recruitment programs, and the acceptance of supporting grants and donations for collaborative opportunities; and
3. allows for expenditures for technology related infrastructure.

The issuance of new microloans will be immediately discontinued. Existing microloans will be permitted to repay under existing terms without an early termination request from the LDFA. Each year the SmartZone LDFA Board assesses where the best opportunities for results are, and allocates funding to the most critical areas.

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.

(1)(h) Duration of the Plan

Tax increment revenues shall continue to be captured by the LDFA from levies in 2003 through levies for fiscal year 2033. The Development Plan portion of this Plan shall remain in effect until the end of the LDFA fiscal year commencing in 2033, or until the TIF funds have been fully expended as contemplated by the Development Plan, whichever is 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.

(1)(i) Impact of TIF on Revenues of Taxing Jurisdictions

Table 1, as previously displayed, estimates the amount of tax increment revenue available for disbursement to the LDFA and the impact of this Plan upon on the revenues of the taxing jurisdiction(s) that levy taxes in the SmartZone District, which includes the local school district and the State. No other taxing jurisdictions are affected. Based on current State law, this Plan does not have a 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.

(1)(j) Legal Description of Property to Which the TIFP Applied

The SmartZone District overlaps the development areas of the Downtown Development Authority in both the City of Ann Arbor and the City of Ypsilanti. The legal description of the district is attached as Appendix B.

This will not change under the amended and extended TIFP.

(1)(k) Jobs Created

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 initial 15-year plan estimated that 700 more jobs may be created as a direct and indirect result of these activities. Over the last *five* years the LDFA has been able to take advantage of the solid program and supporting infrastructure built during the initial term of the Plan and focus on growth resulting in the creation of 490 new jobs and retention of 506 jobs.

For the extended 15-year period, an estimate was derived based upon the current track record of the programs funded by the LDFA from 2002 to 2016. It is reasonable to estimate that the contractor providing the services to companies for the LDFA can maintain the trend of creating 24 companies each year, resulting in a total of 464 companies created by 2033. Assuming the continued support of the current ecosystem for client companies, and the achievement of catalyzing the creation of 464 new companies, it is projected that 1,161 unique companies will be served and 1,606 jobs created over the 15-year extension. The LDFA service portfolio will be expanded to reach companies within a broader range of the growth cycle, and more concentrated

services will be provided to the companies most poised for rapid growth in high economic impact areas.

Although the growth in the amount of companies served and dependent metrics cannot be entirely attributed to increased funding, it plays two roles; one contingent on the other. Firstly, more money will be available to provide direct services to companies, but that is only part of the overall service offering of the LDFA. The other component of LDFA activity is in support of the entrepreneurial ecosystem that catalyzes the formation of companies and commercialization of technology. Moreover, the number of companies served, for example, is not driven by the amount of money available at present alone; it relies upon the network and environment of the entrepreneurial community. This community has been built and seeded by the early efforts of LDFA-funded programs to create the environment that drives activity today. Continued effort and initiatives to build this community can be seen as the overhead that allows for a widening pipeline of entrepreneurial activity for the LDFA to accelerate over the course of the extension.

In terms of private equity and grant funding received by companies served, an average of \$23 million per year can be raised, cumulating \$345 million in grants and private equity over the course of extended 15 years.

(1)(l) Boundaries

As 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 attached as Appendix A. As a designated SmartZone and pursuant to the terms of the Development Plan, public facilities may be developed for any eligible property within Ann Arbor or Ypsilanti and a business incubator or its equivalent may be located anywhere within these boundaries.

No change is being made to the boundaries of the Ann Arbor/Ypsilanti LDFA District as part of the term extension of the Authority. It is, however, 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. If approved by the member municipalities, the boundaries of the District could be altered or amended to include lands within other municipalities pursuant to the same requirements prescribed for adopting the resolution creating the Authority as required by MCL 125.2154(5). In that event, the terms of this Plan shall apply to new members in their entirety. It is not anticipated that the boundaries would be altered or amended to exclude lands currently within the District.

All property within these boundaries shall be subject to the terms of this Plan, 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." If at any time during extended term of the Plan the boundaries of the District are altered or amended to include lands which could be subject to capture of tax increment revenues, this Plan will be subject to further amendment and the same notice and public hearing procedures shall apply as were necessary for approval or rejection of the 2002 Plan (e.g., original plan) as required by MCL 125.2167(2).

Section III. Development Plan

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

The LDFA anticipates implementation of the Development Plan is and will continue to be a collaborative effort between the LDFA, the Cities, University of Michigan and Eastern Michigan University, the Small Business Development Center, various private venture and service providers, and local/regional economic development organizations. An economic business development 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.

Ann Arbor SPARK (“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.

More than 600 entrepreneurs and companies have been served by and benefited from programs like the Entrepreneur Boot Camp, Accelerator Grants, Micro loans, and incubator facilities. 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 presentation of the Development Plan follows the statutory requirements of PA 281, specifically Section 15(2)(a) through (p) as stated below.

- (2) To the extent necessary to accomplish the proposed development program the Development Plan shall contain:
 - (a) A description of the property to which the plan applies in relation to the boundaries of the authority district and a legal description of the property.
 - (b) The designation of boundaries of the property to which the plan applies in relation to highways, streets, or otherwise.

- (c) The location and extent of existing streets and other public facilities in the vicinity of the property to which the plan applies; the location, character, and extent of the categories of public and private land uses then existing and proposed for the property to which the plan applies, including residential, recreational, commercial, industrial, educational, and other uses.
- (d) A description of public facilities to be acquired for the property to which the plan applies, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements.
- (e) The location, extent, character, and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion.
- (f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.
- (g) A description of any portions of the property to which the plan applies, which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.
- (h) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.
- (i) An estimate of the cost of the public facility or facilities, a statement of the proposed method of financing the public facility or facilities, and the ability of the authority to arrange the financing.
- (j) Designation of the person or persons, natural or corporate, to whom all or a portion of the public facility or facilities is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority.
- (k) The procedures for bidding for the leasing, purchasing, or conveying of all or a portion of the public facility or facilities upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed to those persons.
- (l) Estimates the number of persons residing on the property to which the plan applies and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a Development Plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

- (m) A plan for establishing priority for the relocation of persons displaced by the development.
- (n) Provision for the costs of relocating persons displaced by the development, and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, 42.U.S.C. 4601 to 4655.
- (o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.
- (p) Other material which the authority or governing body considers pertinent.

The response to PA 281, Sections 15(2)(a) through (p) are addressed here:

2(a) and (b) Property Description and Boundaries

The amended Plan clarifies below that the LDFA may expend tax increment revenues anywhere within the Cities to achieve the mission of the Development Plan.

As with the TIF Plan, 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 beyond the District within the territory constituting the Cities. For purposes of this Development Plan, 'eligible property' is deemed initially to be the facilities known as 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 within the city limits of Ann Arbor and Ypsilanti.

The boundaries of the District are illustrated in the Map attached as Appendix A and legally described in the attached Appendix B. The Eligible Property within the SmartZone LDFA District to which this Development Plan will initially apply is the building owned by First Martin Corporation, and located at 330 E. Liberty, Ann Arbor, Michigan. At this location, SPARK is providing networking and educational services and incubator office space for the technology community in Washtenaw County. SPARK collaborates with MichBio, the University of Michigan's Zell-Lurie Entrepreneurial Institute, the University of Michigan Office of Technology Transfer and Center for Entrepreneurship, the SBDC, New Enterprise Forum, and other organizations to expand its reach beyond 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.

(2)(c) Location and Description of Existing Property

The District consists mainly of commercial properties. The boundaries were established using the existing DDA boundaries in each City to minimize the number of residential parcels included in the SmartZone and no direct impact (removal or displacement) on any residential parcels included with the boundaries and/or any current or future residents of those parcels is anticipated.

The boundaries are illustrated in the Map attached as Appendix A and legally described in the attached Appendix B.

(2)(d) and (e) Public Facilities and Anticipated Improvements

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 as well as technology related public infrastructure. The ownership of the Accelerator facility will remain in private hands, with the 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, the Business Assistance Team, and other public, non-profit, and private entities as may be determined. The 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.

LDFA revenues will be budgeted for items as approved in the LDFA Development Plan on an annual basis.

In addition to support of the public facilities and improvements identified, the LDFA anticipates using tax increment revenues received under the 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 an organization providing economic development service will provide these services to the SmartZone. The 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 service provider shall also be compensated for actual out-of-pocket costs of meeting publications 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.

(2)(f) Planned Construction

The SmartZone LDFA District is fully developed with roads, sidewalks, lighting, and subsurface utilities. This existing infrastructure is publicly financed and maintained. Investment may be made to facilitate the expansion of the technology infrastructure, such as high-speed telecommunications throughout the Cities' public facilities as defined by Act 281, or expansion of the incubator facilities within the SmartZone LDFA District. 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 or fiber 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.

(2)(g) Property Sales, Donation, Exchange or Lease

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.

If at any time during the duration of the Plan, property is donated to or leased by the LDFA, a procedure will be developed and reviewed with the LDFA Board and it will abide by all applicable ordinances and laws.

(2)(h) Desired Zoning, Streets, Intersections, and Utilities 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.

(2)(i) Public Facility Cost

It is estimated that the overall cost to the LDFA of implementing this extended Development plan from 2019 – 2033 will be approximately \$66 million. These cost estimates include the operation of the Accelerator, the costs in connection with the performance of the LDFA Board's authorized functions, and the costs of extending publicly owned 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.

(2)(j) and (k) Lease, Sell, Convey or Transfer Public Facilities

No actual conveyance of public facilities is anticipated under this Development Plan. It is anticipated that the Accelerator will share space with SPARK, due to SPARK's current role as a lead organization for the 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 Development Plan, and the growth of all type technology businesses within the community. The LDFA believes this can best be accomplished through the enhancement of an existing program.

As previously indicated in this Development Plan, SPARK Central is a tenant in a privately owned building. No actual conveyance will take place. Although the term of the lease does not extend for the length of the LDFA, it is anticipated that SPARK Central will continue to be a tenant in a

privately owned facility, and not a building owner. SPARK Central will provide the physical home for the business Accelerator. SPARK Central 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 SPARK to maintain its qualification under the Act shall result in withdrawal of LDFA funding to SPARK.

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

If at any time during the duration of the Plan it is determined that a public facility or facilities is available and appropriate for the purposes of the Plan, the respective City and the LDFA will work together to determine a process and fair value with the interest of all parties protected.

(2)(l) through (o) Displaced Residents

There will be no need to remove or relocate any residents or homesteads. Therefore, the Plan does not include a process for priority of relocation, costs, or compliance to Michigan laws relevant to the relocation of residents.

(2)(p) Other Pertinent Information

Regular reports will be prepared by the LDFA for the Cities of Ann Arbor and Ypsilanti, and to the MEDC if requested, to ensure the programs developed and offered are fulfilling the goals of authority. Reporting will be performed (1) monthly for the term of the TIF capture on the following information for companies served by the SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding and increase in revenue); (2) annually for the term of the TIF capture on the progress of regional cooperation and any other information deemed pertinent by the Cities or the Authority Board.

As required by law, the LDFA will submit amendments to the Development and/or TIF Plan to the City Councils of Ann Arbor and Ypsilanti for review and approval.

APPENDICES INDEX

Appendix A Ann Arbor/Ypsilanti SmartZone Map

**Appendix B Legal Description/Boundaries of the Ann Arbor/Ypsilanti
SmartZone LDFA**

**Appendix C Satellite Agreement between Cities of Ann Arbor and
Ypsilanti and the Adrian/Tecumseh LDFA**

**Appendix D Ann Arbor/Ypsilanti SmartZone Agreement Amendment No.
1**

Appendix E Ann Arbor/Ypsilanti SmartZone Agreement

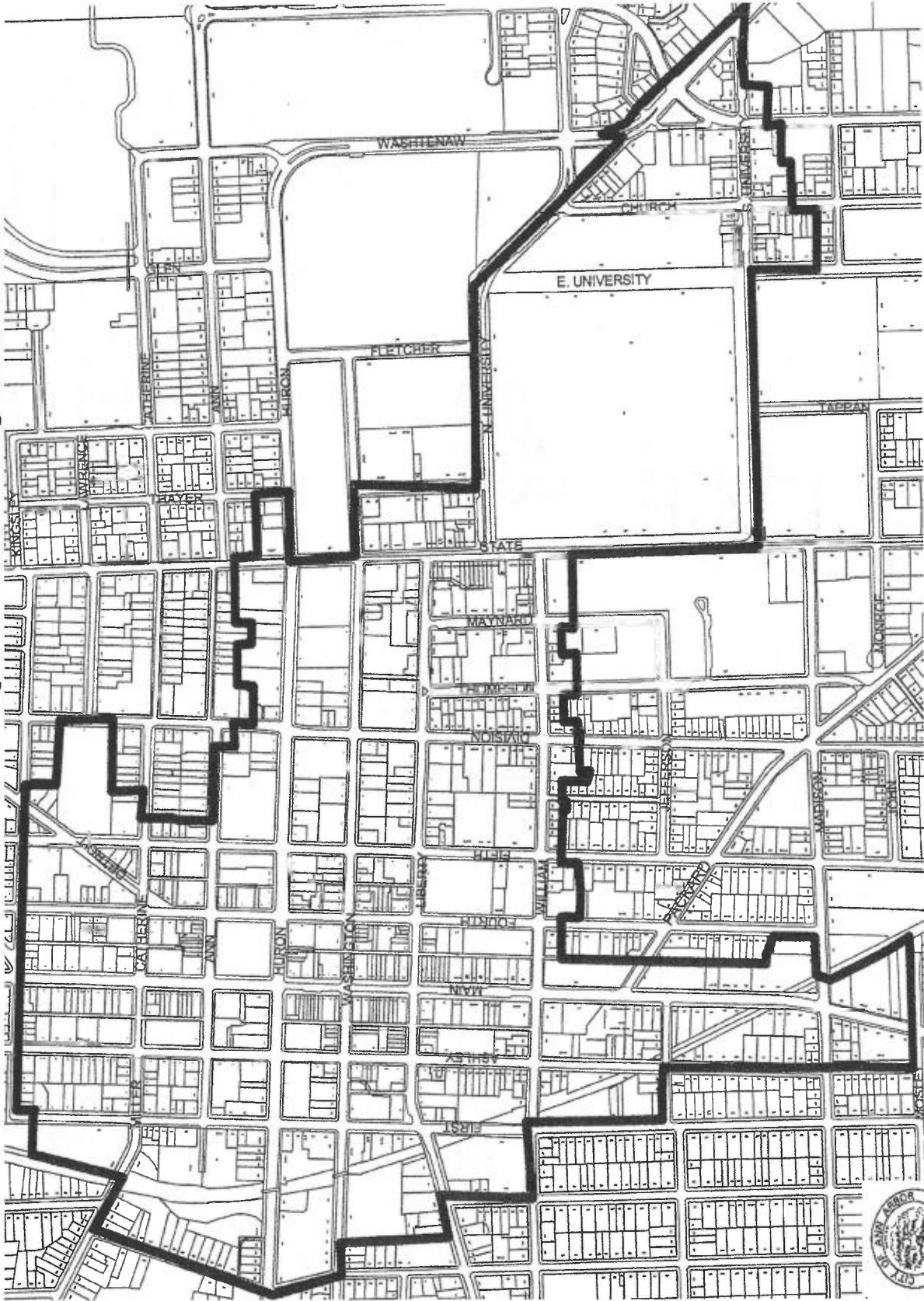
Appendix F Resolutions of Approval

City of Ann Arbor

City of Ypsilanti

LDFA of the Cities of Adrian and Tecumseh

Downtown Development Authority District



City of Ann Arbor Planning Department September 2000



**CITY OF YPSILANTI
SMART ZONE LOCATION**

AATA TRANSIT
STATION

EMU ICARD
ST.

EMU
College of Business

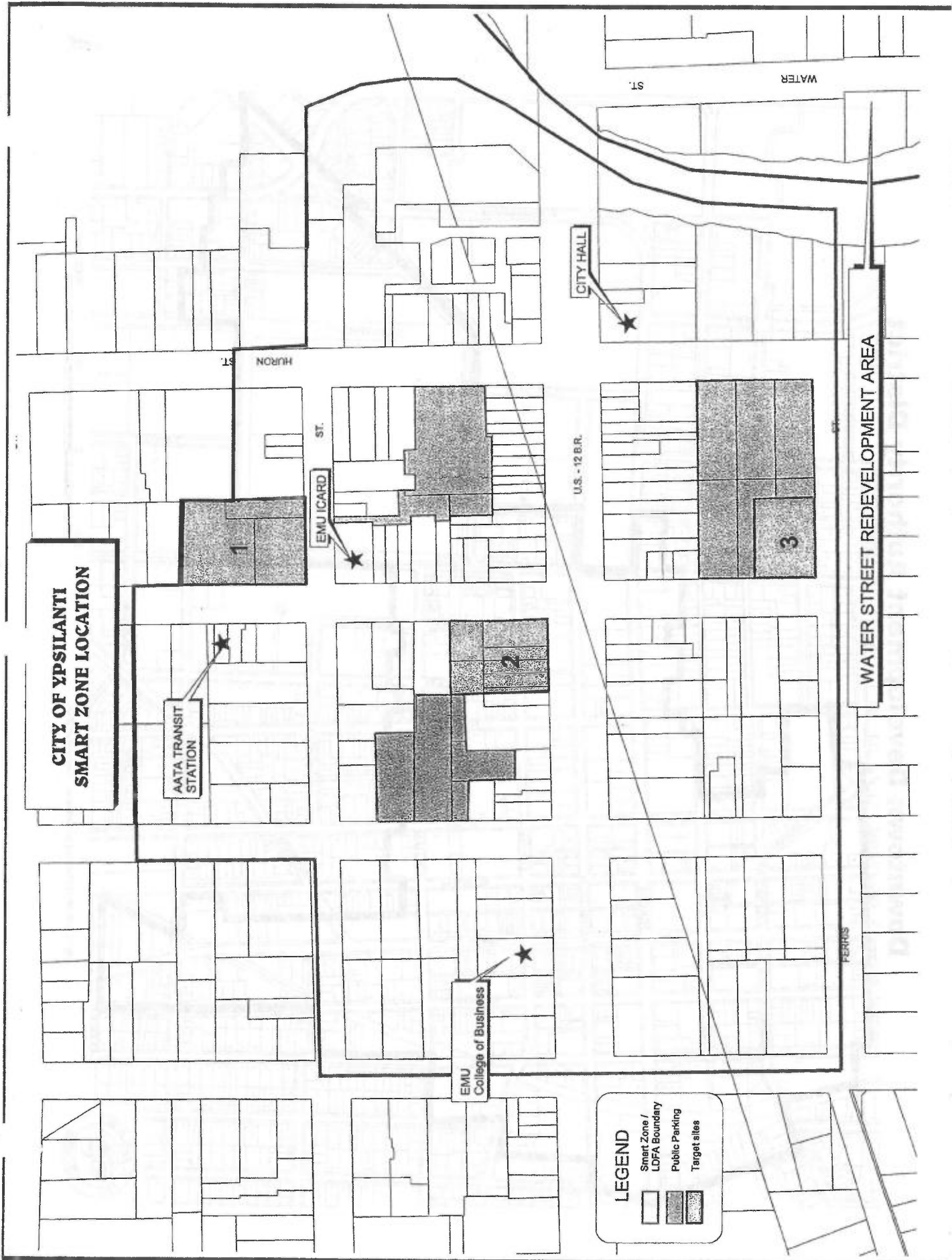
CITY HALL

U.S. - 12 B.R.

WATER STREET REDEVELOPMENT AREA

LEGEND

- Smart Zone / LDFA Boundary
- Public Parking
- Target sites



APPENDIX B

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF ANN ARBOR AND CITY OF YPSILANTI FOR THE SMARTZONE PROGRAM

LEGAL DESCRIPTION OF DISTRICT BOUNDARIES IN THE CITIES OF ANN ARBOR AND YPSILANTI COUNTY OF WASHTENAW, MICHIGAN

Property in the City of Ypsilanti

Commencing on the centerline of Ferris Street at a point 106 feet West of South Washington Street; thence West along the centerline of Ferris Street to the centerline of Hamilton Street; thence North to a point where the North line of Pearl Street intersects if that line is extended West along the North line of Pearl Street; thence East along the North line of Pearl Street to the West line of North Adams Street; thence North to a point 231 feet South of the South line of Washtenaw Avenue; thence East to the East line of North Washington Street; thence South to the Northwest corner of Parcel 11-11-486-005; thence East 140.25 feet to the Northeast corner of said Parcel; thence South to the Northwest corner of Parcel 11-11-486-022; thence East to the East line of North Huron Street; thence South to the Northwest corner of Parcel 11-11-401-017; thence East to the East line of the Huron River; thence Southerly along the East line of the Huron River to the North side of the Michigan Avenue Bridge thence; East to the East end of the bridge; thence South to the centerline of Water street; thence West along the South side of the Michigan Avenue Bridge to the East line of the Huron River; thence Southerly along the East line of the Huron River to a point where the centerline of Ferris Street intersects if that line is extended; thence West along the centerline of Ferris Street to the point of beginning.

Property in the City of Ann Arbor

Beginning at the southwest corner of the intersection of South University and East University Streets rights-of-way; thence south along the west right-of-way line of East University Street approximately 330 feet; thence east to a point 132 feet west of the east right-of-way line of Church Street; thence north 27 feet; thence east 56 feet; thence south 15 feet; thence east to the east right-of-way line to Church Street; thence north along Church Street to the southwest corner of Lot #2, Block 1, R.S. Smith's Second Addition; thence easterly approximately 165 feet; thence north 44 feet; thence east approximately 360 feet to the west line of Lot #9, Block 5, R.S. Smith's Second Addition; thence north approximately 155 feet to the south right-of-way line of South University Street; thence east along a south right-of-way line of East University Street to the northeast right-of-way line of Washtenaw Avenue; thence northwesterly along said line to the north right-of-way line of North University Street; thence west along the north right-of-way line of North University Street to the east right-of-way line of South Thayer Street; thence north approximately 1,030 feet to the north line of Lot #1 of Eastern Addition (110 North Thayer Street); thence west to the east right-of-way line of North State Street; thence north approximately 70 feet; thence west to the northwest corner of Lot #17, of Assessor's Plat No. 8; thence south to the north line

of Lot #18 of said plat; thence west to the east line of Lot #20 of said Assessor's Plat No. 8; thence north along the east line of said Lot #20 to the north line of said lot; thence west 150.08 feet to the east line of Lot #1 of Assessor's Plat No. 8; thence south to the southeast corner of said lot; thence westerly and southerly along the northwest side of Lot #22 and the north side of Lot #23 of Assessor's Plat No. 8 to the east right-of-way line of North Division Street; thence northwesterly to a point 4 feet south of the northeast corner of Lot #8 of original plat of Ann Arbor; thence west approximately 101 feet; thence north 3.3 feet; thence west to a point 27 feet east of the northwest corner of Lot #10, original plat of Ann Arbor; thence north along a line that is 27 feet west of the east line of Lot #10 to the north right-of-way line of Ann Street; thence west along the north right-of-way line of said street to the a point that is 16.5 feet east of the southwest corner of Lot #2 of original plat of Ann Arbor; thence north 132 feet on a line parallel with the west line of said Lot #2 to a point that is 16.5 feet of the northwest corner of Lot #2; thence east 10 feet along the north line of Lot #2; thence north 198 feet along a line parallel to and 40 feet west of the east line of Lot #15 of original plat of Ann Arbor to the southwest corner of Lot #149 of Assessor's Plat No. 29; thence east 74.37 feet to the southeast corner of Lot #150 of Assessor's Plat #29; thence north 132.35 feet to the northeast corner of Lot #150, Assessor's Plat No. 29; thence east along the north side of Lots #151, #153, #154, #155, and #158 of Assessor's Plat No. 29, extended to the east side of the North Division Street right-of-way; thence north along the east right-of-way line of North Division Street to the northwest corner of Lot #2 of Assessor's Plat No. 6; thence west to the southwest corner of Lot #141 of Assessor's Plat No. 29; thence north along the west line of said lot extended to the north right-of-way line of East Kingsley Street; thence west along the north right-of-way of East and West Kingsley Street to the intersection of the right-of-way line of North First Street with the north right-of-way line of West Kingsley Street; thence south $4^{\circ} 02' 10''$ west 131.56 feet; thence north $83^{\circ} 23' 50''$ west 137.76 feet; thence south $15^{\circ} 31' 45''$ west 66 feet; thence south $15^{\circ} 01' 40''$ west 350.49 feet to the north right-of-way line of Miller Avenue; thence northwest along the northeasterly right-of-way line of Miller Avenue to a point approximately 125 feet northwest of the northwest intersection of the rights-of-way of Spring Street and Miller Avenue; thence southwesterly along the northwest right-of-way of Chapin Street to intersect with the southwest right-of way of Third Street; thence southeast along said southwest right-of-way line of Third Street to a point intersecting with the south right-of-way line of West Washington Street; thence east along said south right-of-way line of West Washington Street to the northeast corner of Lot #1 of Krause's Addition; thence south along the east side of Lots #1, #3, #4, #5, #6, #7, #8, and #9 of Krause's Addition to a point intersecting with the southeast right-of-way line of West Liberty Street; thence northeasterly along said southeasterly right-of-way line of West Liberty Street to a point intersecting with the west right-of-way line of Second Street; thence south along said west right-of-way line to the intersection of the west right-of-way line of Second Street with the south right-of-way line of West William Street; thence east along the south right-of-way line of West William Street to the west right-of-way line of First Street; thence south along the west right-of-way line of First Street to the intersection of the north right-of-way line of Jefferson Street with the west right-of-way line of First Street; thence east to the west right-of-way line of South Ashley Street; thence south along said west right-of-way line of South Ashley Street to the south right-of-way line of West Mosley Street; thence east along said south right-of-way line of West Mosley Street to the northwest right-of-way line of the Ann Arbor Railroad right-of-way; thence northeasterly along the northwest right-of-way line of said Ann Arbor Railroad to a point intersecting the south right-of-way line of West Madison

Street; thence east along said south right-of-way line to a point in the line with the extension of the east right-of-way line of South Fourth Avenue; thence north along the east right-of-way line of South Fourth Avenue to a point approximately 33 feet north of the southwest corner of Lot #7, Block 55, R5E, Ann Arbor Land Co.'s Addition; thence west to a point 33 feet north of the southwest corner of Lot #10, Block 55, R4E, Ann Arbor Land Co.'s Addition; thence north along the west side of Lots #10, #11, #12, #13, #14, #15, #16, #17, and #18 of said block, and continuing north along the east right-of-way line of 16-foot wide alley between Main Street and Fourth Avenue to a point 6 feet south of the northwest corner of Lot #15, Block 45, R4E, original plat of Ann Arbor; thence east to the west right-of-way line of South Fourth Avenue; thence south along said right-of-way line 99 feet to appoint on said right-of-way line; thence east along a line parallel with and 31.5 feet south of north line of Lot #3, Block 45, R5E, original plat of Ann Arbor to the west line of Lot #14 of said block; thence south 1.5 feet, thence east to the west line of South Fifth Avenue; thence north along the west right-of-way line of South Fifth Avenue 36 feet; thence west approximately 132 feet to a point 3 feet north of the southwest corner of Lot #15 of said block; thence north 52 feet; thence east 132 feet to the west right-of-way line of South Fifth Avenue thence northeasterly to a point 66 feet south of the northwest corner of Lot #1, Block 45, R6E, original plat of Ann Arbor; thence east 189 feet; thence south 16.5 feet; thence east to a point on the east right-of-way line of Hamilton Place approximately 50 feet north of the southwest corner of Lot #8 of said block; thence north approximately 25 feet; thence east 66.15 feet; thence south 138.1 feet; thence east 33 feet; thence north 66 feet; thence east to the southeast corner of Lot #2, Block 45, R7E, Ann Arbor Land Co.'s Addition; thence north 66 feet, thence east approximately 132 feet to the west right-of-way line of Thompson Street; thence south 66 feet; thence east to the southeast corner of Lot #2, Block 45, R8E, Ann Arbor Land Co.'s Addition; thence north to the southwest corner of Lot #16 of said block; thence 132 feet to the west right-of-way line of Maynard Street; thence south approximately 40 feet; thence east to the west right-of-way line of South State Street; thence south to the south right-of-way line of South University Street; thence east to the point of beginning.

SATELLITE SMARTZONE AGREEMENT

THIS AGREEMENT (the "Agreement"), is made this 7 day of September 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

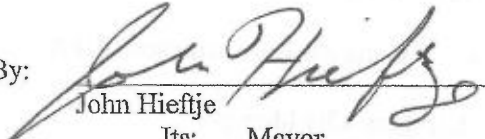
Or to such other address as the parties may from time to time designate by notice in writing to the other parties.

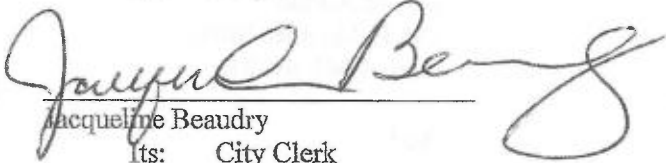
12. Counterparts. This Agreement may be signed in any number of counterparts, which counterparts shall be considered as one and the same instrument. Electronic copies of this Agreement shall have the full force and effect of an original document.

[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 Hiestje
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

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 W. Schreiber
Paul Schreiber
Its: Mayor

By: Frances McMullen
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 site, 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

22784438.3\153360-00001

Local Development Finance Authority of the Cities of Adrian and Tecumseh

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

Local Development Finance Authority of the Cities of Adrian and Tecumseh

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.

Ann Arbor/Ypsilanti
SmartZone Agreement
Amendment One
By and Between
Michigan Economic Development Corporation,
City of Ann Arbor
City of Ypsilanti
Local Development Finance Authority of the Cities of Ann Arbor and Ypsilanti.

This Amendment One (the "Amendment"), dated September 2, 2014, is to the Ann Arbor/Ypsilanti SmartZone Agreement entered into on or about November 25, 2002 (the "Agreement") by and between Michigan Economic Development Corporation (the "MEDC") the City of Ann Arbor and the City of Ypsilanti (collectively the "Cities"), and the Local Development Finance Authority of the Cities of Ann Arbor and Ypsilanti (the "Authority") (collectively the "Parties"). Under the Agreement, the MEDC contracted with the Cities and Authority to establish the terms and conditions governing the Ann Arbor/Ypsilanti SmartZone (the "Host SmartZone"). The parties to the Ann Arbor/Ypsilanti SmartZone Agreement now desire to amend the Agreement to include and recognize a Satellite SmartZone in Adrian and Tecumseh.

WHEREAS, the Michigan Legislature enacted Public Act 108 of 2008 to amend Public Act 281 of 1986 to promote the development of high technology businesses throughout the State of Michigan;

WHEREAS, the MEDC is authorized to designate distinct geographic areas within authorities in municipalities that do not have a certified technology park if a municipality that contains a certified technology park designates the authority without a certified technology park as a certified technology park (referred to herein as a "SmartZone");

WHEREAS, by resolution R14-099 dated August 6, 2014 the City of Adrian resolved to enter into an agreement with the City of Tecumseh to create a Local Development Finance Authority exercising powers in the Authority District the ("Satellite LDFA");

WHEREAS, by resolution dated August 6, 2014 the City of Tecumseh resolved to enter into an agreement with the City of Adrian to create a Local Development Finance Authority exercising powers in the Authority District the ("Satellite LDFA");

WHEREAS, by resolution #2014-019 dated August 13, 2014, County of Lenawee, approved the creation of the a Local Development Finance Authority exercising powers in the Authority District the Satellite LDFA;

WHEREAS, by resolution R-14-306 dated September 2, 2014 the City of Ann Arbor resolved to enter into an agreement with the City of Ypsilanti, and the Satellite LDFA to

designate the Satellite LDFA District as a Smartzone Satellite.

WHEREAS, by resolution 2014-213 dated September 2, 2014 the City of Ypsilanti resolved to enter into an agreement with the City of Ann Arbor, and the Satellite LDFA to designate the Satellite LDFA District as a SmartZone Satellite.

WHEREAS, by resolution dated August 19, 2014, the Satellite SmartZone resolved to enter into an agreement with the City of Ann Arbor, and the City of Ypsilanti to designate the Satellite LDFA District as a Smart Zone Satellite, subject to the approval of the MEDC.

WHEREAS, Pursuant to MCL 125.2162b Cities entered into an agreement with the Satellite LDFA to designate a distinct geographic area within the boundaries of its Authority District as a SmartZone Satellite, (the "Designation" attached hereto as Appendix A); The Designation includes provisions agreeing to the identification of criteria required by MCL 125.2162(b):

- a. Identify the unique characteristics and specialties offered by the public and private resources available in the Satellite SmartZone.
- b. Identify the benefits to regional cooperation and collaboration.
- c. Identify how the Satellite SmartZone adds value to the mission of the Host SmartZone.

These criteria are referred to herein as the "Legislative Criteria."

WHEREAS, the Designation has been filed with the MEDC, and the Parties now desire to amend the Agreement to incorporate the rights and obligations of the parties in regard to the designation of the Satellite LDFA District as a Satellite Smartzone.

WHEREAS, The Host SmartZone and Satellite LDFA agreed to the following terms in the agreement to designate the Satellite SmartZone:

- a. Satellite Development and TIF Plan must include LOCAL TIF if requesting state school TIF capture.
- b. Satellite SmartZone Plan must include a budget that includes at least \$200,000/year for operations.
- c. Host and Satellite SmartZone must agree to provide monthly reporting, that includes providing the following metrics for the high-technology activity occurring in the SmartZones: funding received by the SmartZone organization (and source of that funding), companies created, companies relocated into the SmartZone, companies expanded, companies served, and for these companies - jobs created, jobs retained, new sales, and follow-on-funding received by these companies (including amount and source of such funding -sources including state funds, federal funds, venture capital, angel funds, bank/loan, owner investment, other) (the "Monthly Reporting.")

WHEREAS, 2012 PA 290, Section 2 (jj) (ii) (B) allows the Host that designated the Satellite to amend their Development and TIF Plan and extend their TIF capture for an additional 15 years subject to the approval of the state treasurer and the

president of the MEDC.

NOW THEREFORE the Parties now desire to amend the Agreement as follows.

1. The Cities and the Satellite SmartZone represent and warrant that the SmartZone was created in compliance with the Public Act 281 of 1986 in all material respects.
2. The Cities shall cause the Satellite Smartzone to provide a TIF plan including the Legislative Criteria.
3. Ann Arbor/Ypsilanti SmartZone must provide the Monthly Reporting to MEDC in a manner directed by and satisfactory to the MEDC.
4. The MEDC will enter into a SmartZone Agreement with the Local Development Finance Authority of the Cities of Adrian and Tecumseh to designate the Satellite SmartZone under the terms and conditions required pursuant to MCL 125.2162a.
5. Section 3.05 of the Agreement is amended to include the following language:
 - (f) An annual report summarizing the Monthly Reporting results.
 - (g) The amount of Tax Increment Financing collected and expensed during the prior fiscal year of the Authority.
 - (h) The amount of projected Tax Increment Financing for the next fiscal year of the Authority.
 - (i) An annual report summarizing activities that indicate Host SmartZone and Satellite SmartZone continue to comply with Legislative Criteria identified above.
6. Pursuant to MCL 125.2152 (2)(jj)(B) the Cities may amend their Development and TIF Plan identified in Section 3.01 of the Agreement to provide for an additional 15 year period, including capturing School Taxes. Before these amendments take effect, the Cities must receive the ratification of the State Treasurer and the approval of the President of the Michigan Economic Development Corporation. Upon receipt of this ratification Section 3.01 is amended to change "fifteen (15)" to "thirty (30)."
7. If the Satellite does not complete the Satellite Development and TIF Plan by June 30, 2015 the Cities will have until December 31, 2017 to designate an alternative Satellite SmartZone.
8. If Satellite SmartZone fails to file its plan, or the plan is not ratified by the State Treasurer and/or approval of the President of the MEDC, then the MEDC may revoke the Cities' amendment to their Development and TIF Plan and the above amendment to increase the tax capture period from 15 to 30 years may be revoked, unless an amended Development and TIF Plan is

submitted and approved by the President of the MEDC and ratified by the State Treasurer that addresses a remedy to fulfilling the Legislative Criteria.

9. Section 5.01 of the Agreement is amended to replace "May 1, 2017" with "May 1, 2032."
10. If after approval of the respective Development and TIF Plans, either the Host Smartzone or the Satellite LDFA default and no longer exists, the survivor must submit an amended Development and TIF Plan to be approved by the President of the MEDC and ratified by the State Treasurer that addresses a remedy to fulfilling the Legislative Criteria.

Except as specifically provided above, the Parties agree that all terms and conditions of the Agreement shall remain unchanged and in effect.

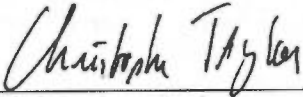
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Execution Copy

The signatories below warrant that they are empowered to enter into this Amendment.

City of Ann Arbor ACCEPTANCE:

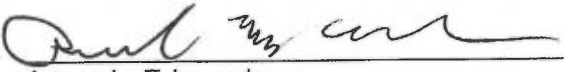
Dated: 12/16/14



Christopher Taylor
Mayor

City of Ypsilanti ACCEPTANCE:

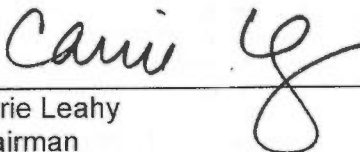
Dated: 1/7/15



Amanda Edmonds
Mayor

**Local Development Finance Authority of the Cities of Ann Arbor and Ypsilanti
ACCEPTANCE:**

Dated: 1/21/15



Carrie Leahy
Chairman

MEDC ACCEPTANCE:

Michigan Economic Development Corporation

Dated: _____

Steve Arwood
Chief Operating Officer

Appendix A : Host-Satellite Designation Agreement

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 MRDC.

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

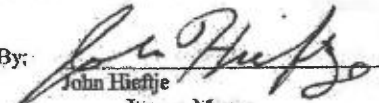
Or to such other address as the parties may from time to time designate by notice in writing to the other parties:

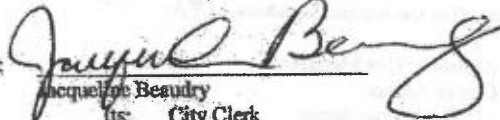
12. Counterparts. This Agreement may be signed in any number of counterparts, which counterparts shall be considered as one and the same instrument. Electronic copies of this Agreement shall have the full force and effect of an original document.

[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 Hiestje
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: 
Joan Baker
Its: Chairperson

By: 
Kathleen
Its: Secretary

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 J. Schreiber
Paul Schreiber
Its: Mayor

By: Frances McMullen
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, McKenzic and Stockford; Adrian Public Library, 143 East Maumee; City-owned greenfield site, 2610 West Beecher; City-owned greenfield site, 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.

Execution Copy

EXHIBIT B
SATELLITE SMARTZONE PLAN

22284438.31153360-00001

Local Development Finance Authority of the Cities of Adrian and Tecumseh

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.

Local Development Finance Authority of the Cities of Adrian and Tecumseh

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

Local Development Finance Authority of the Cities of Adrian and Tecumseh

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, LSD, the USDA, Michigan Department of Agriculture and Rural Development, the Small Business Development Center, and our local SCORE representative, among others.

ANN ARBOR/YPSILANTI SMARTZONESM AGREEMENT

This Ann Arbor/Ypsilanti SmartZone Agreement (hereinafter called "Agreement") is entered into as of this 25TH day of NOVEMBER, 2002, by and among the Michigan Economic Development Corporation, a public body corporate, with offices at 201 N. Washington Square, Lansing, Michigan 48913 (hereinafter called "MEDC"), the City of Ann Arbor, a Municipal Corporation with offices at 100 N. 5th Avenue, Michigan 48107, the City of Ypsilanti, a Municipal Corporation, with offices at One South Huron Street, Michigan 48197 (hereinafter collectively called "Cities"), and the Cities' joint Local Development Finance Authority with offices at 3135 S. STATE, Michigan ANN ARBOR (hereinafter called the "Authority").

RECITALS

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 MEDC has been authorized by Public Act 281 of 1986, as amended, being MCL 125.2151 et seq., to designate a certain number of certified technology parks ("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, on July 26, 2000, the MEDC issued a request for proposals for SmartZone designation; and

WHEREAS, on October 16, 2000, the MEDC received a proposal requesting designation as a Certified Technology Park of certain areas located within the Cities' jurisdiction (the "Proposal"); and

WHEREAS, the MEDC, the Cities, and the Authority have entered into productive discussions regarding the Proposal; and

WHEREAS, the MEDC, the Cities, and the Authority desire to enter into this Agreement to designate the Authority District (as herein after defined) both as a Certified Technology Park and as a SmartZone and to establish terms and conditions of this designation.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the MEDC, the Cities, and the Authority, (collectively referred to hereinafter, at times, as the "Parties") agree as follows:

ARTICLE I
DEFINITIONS

The Parties agree that the following words and expressions, as used in this Agreement, whenever initially capitalized, whether used in the singular or plural, possessive or non-possessive, either within or without quotation marks, shall be defined and interpreted as follows:

Section 1.01 Act. "Act" means 1986 PA 281, as amended, being MCL 125.2151 et seq.

Section 1.02 Affiliated Parties. "Affiliated Parties" means that or those public and private individual(s), business(es) and organization(s) with which the Cities and/or the Authority may enter into letters of intent, memoranda of understanding, contractual agreements or other types of arrangement to provide, or induce opportunities for, support, market access, assistance or other types of direct or in-kind assistance for tenants of the Business Incubator or to the development of high technology activity within the Certified Technology Park.

Section 1.03 Agreement. "Agreement shall mean this Ann Arbor/Ypsilanti SmartZone Agreement.

Section 1.04 Agreement Date. "Agreement Date" means the date set forth above as the date, which this Agreement has been into by the Parties.

Section 1.05 Appendix(es). "Appendix(es)" means the appendix(es) serially identified in this Agreement and attached hereto and incorporated herein by this reference.

Section 1.06 Authority. "Authority" means the Cities' Joint Local Development Finance Authority.

Section 1.07 Authority District. "Authority District" means that area or areas, established by the Cities, and within which the Authority exercises its powers.

Section 1.08 Business Incubator. "Business Incubator" means that real and personal property as defined by the Act, identified in the TIFP, and used in a manner provided for by the Act.

Section 1.09 Certified Technology Park. "Certified Technology Park," means that area or areas within the Authority District, as adopted by the Cities and the Authority and designated by the MEDC as a Certified Technology Park under the Act.

Section 1.10 Cities "Cities" means the City of Ann Arbor and the City of Ypsilanti located in the County of Washtenaw.

Section 1.11 DDA. "DDA" means the Ann Arbor Downtown Development Authority.

Section 1.12. EMU. "EMU" means Eastern Michigan University

Section 1.13 Event of Default or Default. "Event of Default" or "Default" means the failure by the Authority or the Cities to observe and perform any covenant, condition or agreement on their part to be observed or performed under this Agreement for a period of forty-five (45) days after written notice, specifying such failure and requesting that it be remedied, shall have been given by a party to not only the defaulting party, but to all other parties to this Agreement.

Section 1.14 Initial Assessed Value. "Initial Assessed Value" means the assessed value of that real and personal property identified in the TIFP as included within the TIFP as of the date the resolution establishing the TIFP was approved by the Cities and the Authority.

Section 1.15 MEDC. "MEDC" means the Michigan Economic Development Corporation, a public body corporate created under section 28 of Article VII of the State Constitution of 1963 and the Urban Cooperation act of 1967, 1967 PA 7, MCL 124.501 to 124.512, by a contractual interlocal agreement effective April 5, 1999 between participating local economic development corporations created under 1974 PA 338, MCL 125.1601 to 125.1636, and the Michigan Strategic Fund, or its successor as provided for in the Act.

Section 1.16 Operational Costs. "Operational Costs" means those expenses and other operational and planning costs authorized by the Act, including, but not limited to, executive management and other expenses directly related to the central administration of the facility including insurance, salaries, repairs and maintenance, marketing, supplies, and utilities.

Section 1.17 Public Facilities. "Public Facilities" means those facilities authorized by the Act and designated in the TIFP.

Section 1.18 Ratification. "Ratification" means the document, substantially in the form attached hereto as Appendix B, evidencing the State Treasurer's approval of the Authority's TIFP and of the capture of the tax increment revenues by the Authority.

Section 1.19 Resolution. "Resolution" means the document(s) approved by the Cities, which create the Authority and designate the boundaries of the Authority District or Districts, within which the Authority shall exercise its powers and filed with the Michigan Secretary of State, a copy of which is attached hereto as Appendix C.

Section 1.20 School Taxes. "School Taxes" the levies by the State pursuant to the state education act, Public Act 331 of 1993, MCL 211.901 to 211.906, and local and intermediate school districts that are not excluded from the definition of tax increment revenues under the Act.

Section 1.21 State. "State" means the State of Michigan.

Section 1.22 SmartZone or SmartZones. "SmartZone" or "SmartZones" means the service mark owned and adopted by the MEDC that applies to a "Certified Technology Park" or "Certified Technology Parks," respectively.

Section 1.23 Statewide SmartZone Council. "Statewide SmartZone Council" means the SmartZone advisory group comprised of representatives of each SmartZone and MEDC representatives.

Section 1.24 Tax Increment Revenues. "Tax Increment Revenues" means that term as defined by the Act.

Section 1.25 TIFP. "TIFP" means the tax increment financing plan approved by the Authority, the Cities, and the MEDC, which is attached hereto as Appendix D.

Section 1.26. Universities. "Universities" means the University of Michigan and Eastern Michigan University.

Section 1.27 UoM. "UoM" means the University of Michigan at Ann Arbor.

Section 1.28 WDC. "WDC" means the Washtenaw Development Council with offices at 3135 S. State Street, #205, Ann Arbor, MI 48108.

Section 1.29 Ann Arbor/Ypsilanti SmartZone. "Ann Arbor/Ypsilanti SmartZone" means the Certified Technology Park designated by Sections 2.01 and 4.01.

ARTICLE II RIGHTS AND OBLIGATIONS OF THE MEDC

Section 2.01 Designation of the Authority's Certified Technology Park. The MEDC designates all the Authority District as a Certified Technology Park; the Certified Technology Park shall be known upon such designation as the Ann Arbor/Ypsilanti SmartZone, pursuant to Section 4.01 of this Agreement.

Section 2.02 Marketing of the Authority's Certified Technology Park by the MEDC. The MEDC shall market the Ann Arbor/Ypsilanti SmartZone as one of the Certified Technology Parks authorized under the Act. All marketing of the Ann Arbor/Ypsilanti SmartZone by MEDC shall be consistent with the TIFP and the purposes and objectives of the Authority. It is understood that the marketing funds to be expended by the MEDC in fulfillment of its obligation under this Section 2.02 shall be determined by the MEDC.

Section 2.03 Ratification by State Treasurer. The MEDC will use its best efforts to obtain the State Treasurer's ratification of the Ann Arbor/Ypsilanti Certified Technology Park and the TIFP.

ARTICLE III
RIGHTS AND OBLIGATIONS OF THE CITIES AND THE AUTHORITY

Section 3.01 Authorized Capture and Use of Tax Increment Revenues.

(a) All Tax Increment Revenues received by the Authority from the Certified Technology Park during the term of this Agreement may be expended by the Authority for only those purposes and in those amounts authorized under the Act and the TIFP, including, but not limited to, telecommunications infrastructure. The Authority may capture the maximum amount of School Taxes allowed under the Act for a period of fifteen (15) years for levies imposed on or after January 1, 2001 subject to an annual review by the MEDC. Said MEDC review shall be limited to assessment of consistency with the TIFP and the Act, and in the event that MEDC identifies material inconsistency/ies, it shall notify the Cities and the Authority of it and the Authority shall have the opportunity to respond in a manner consistent with Section 5.03(a) of this Agreement. Should the Authority fail to perform as described by Section 5.03(a), then the MEDC may exercise its options as provided for in Article V of this Agreement. Tax Increment Revenues shall be determined on the basis of an initial assessed value determined as of December 31, 2001, as authorized by the State Treasurer and pursuant to the TIFP and the Ratification.

(b) The Authority may enter into a contract(s) with the Cities or an Affiliated Party to delegate, on behalf of the Authority, the responsibility of operating and planning the activities supported by the Authority, including, but not limited to: Providing administrative services to the Authority, conducting an integrated marketing study, generating specific marketing plans, identifying methods of facilitating technology commercialization, and implementation of the integrated marketing program

Section 3.02 Prohibited Uses of Tax Increment Revenues. Tax Increment Revenues shall not be used to fund the costs of direct subsidies, programs or services provided to or for tenants in the Business Incubator such as research stipends or grants, employee compensation subsidies, or grant proposal assistance.

Section 3.03 Private Sector Participation. The following actions shall be taken to encourage and support private sector support and participation in the development and attractions of high technology activities within the Ann Arbor/Ypsilanti SmartZone:

(a) The Cities and the Authority shall seek to develop and implement commercially reasonable strategies to facilitate the commercialization of high technology activities in the Ann Arbor/Ypsilanti SmartZone.

(b) The Cities and Authority shall seek to obtain written statements from Affiliated Parties to provide: Funding or in-kind contributions to the Ann Arbor/Ypsilanti SmartZone; and services, market access and assistance to tenants of Business Incubator

facilities, and towards the development of high technology activities within the Ann Arbor/Ypsilanti SmartZone.

Section 3.04 MEDC Membership on the Governing Body of the Ann Arbor/Ypsilanti SmartZone. The Cities shall appoint an MEDC representative, selected by the MEDC, as an ex-officio, non-voting, member, to the Authority.

Section 3.05 Reporting Requirements.

The Authority shall provide, within 30 days of the end of the Authority's fiscal year, or cause to be provided, the MEDC and the Cities with, an annual report and audited financial statement, including, but not limited to, the following information:

(a) A summary of the Ann Arbor/Ypsilanti SmartZone operations, including, but not limited to, number of businesses assisted, number of businesses locating or expanding in the Ann Arbor/Ypsilanti SmartZone, number of jobs created/retained, number of on-going and completed research projects, number of on-going and completed commercialization projects, and amount of investments in the Ann Arbor/Ypsilanti SmartZone.

(b) The use of Tax Increment Financing funds during the prior fiscal year of the Authority.

(c) The proposed use of Tax Increment Financing funds for the next fiscal year of the Authority.

(d) Any modifications sought to this Agreement or to the TIFP.

(e) Any other information, which the MEDC and the Cities may want included in the annual report.

Section 3.06 Amendments to the TIFP. The Authority and the Cities shall not amend the TIFP without the prior approval of the MEDC.

Section 3.07 Statewide SmartZone Council The Cities and the Authority agree to participate in the activities of the Statewide SmartZone Council, including, but not limited to, assisting the MEDC in developing a marketing plan for the SmartZone program.

ARTICLE IV
SERVICE MARK

Section 4.01 The MEDC owns the Service Mark "SmartZone" and "SmartZones" and hereby grants a limited license to use the Service Mark "SmartZone," and "SmartZones" in accordance with guidelines established by the MEDC, to the Cities and the Authority in connection with the Ann Arbor/Ypsilanti SmartZone. The MEDC

retains the exclusive right to revoke the Service Mark license or to suspend or revoke the designation of the SmartZone Service Mark to the Ann Arbor/Ypsilanti SmartZone pursuant to Section 5.03 of this Agreement. The Cities and Authorities shall use the SmartZone Service Mark in conformity with the specifications set forth in the document attached as Appendix E.

ARTICLE V
TERM, TERMINATION, AND DEFAULT

Section 5.01 Term.

The term of this Agreement shall commence on the Agreement Date and shall expire on May 1, 2017, unless terminated earlier as set forth below:

(a) An action, other than one caused by an Event of Default by any of the Parties that voids, suspends, terminates or revokes the approval by MEDC of the Authority District as a Certified Technology Park or the authorization for the Authority to capture and use Tax Increment Revenues for the purposes permitted under Section 3.01, such as, but not limited to:

(i) Court order;

(ii) Any ruling, bulletin, order, administrative or executive decision of the State, State Tax Commission, any State official, or State commission, authority, body or employee with authority to make such determination or take such action;

(iii) State or federal legislative action.

(b) The involuntary dissolution or liquidation of the Authority

(c) The voluntary termination of this Agreement by the MEDC and the Cities and the Authority. It is understood that none of the Parties shall unreasonably withhold their consent to terminate this Agreement under this Section 5.01 (d), if it should be in the best interest, under good business practice standards, to terminate this Agreement.

(d) Withdrawal from this Agreement by any Party pursuant to Section 5.05.

Section 5.02. Rights of the MEDC. The expiration of the Term of this Agreement shall not affect the rights of the MEDC in connection with its SmartZone Service Mark.

Section 5.03 Default: Dispute Resolution.

(a) If an Event of Default is such that it can be corrected but not within 45-days, and corrective action is instituted within such period and diligently pursued until such Event of Default is corrected, then such 45-day period shall be increased to such extent necessary to enable the party failing to observe or perform any covenant, condition

or agreement to observe or perform such covenant, condition, undertaking or agreement through the exercise of due diligence. The MEDC is not bound by the 45-day period for cure described herein in the event of a failure by the Authority to comply with Section 3.01(a) of this Agreement.

(b) Whenever an Event of Default shall have occurred and be continuing, any non-defaulting party may take whatever action at law or in equity as may appear necessary or desirable to enforce performance and observance of this Agreement, provided that:

(i) If a dispute arises under this Agreement, which cannot be resolved within the period for cure provided in Section 5.03(a), subject to the exception provided therein, before exercising any of the rights contained in Section 5.03(c), the Parties agree to first try to resolve the dispute with the help of a mutually agreed-upon mediator prior to exercising any rights or remedies under Section 5.03. Any costs and fees other than attorney fees associated with the mediation shall be shared equally by the Parties. If the Parties cannot agree on the selection of a mediator within ten (10) calendar days, then the Parties shall ask the American Arbitration Association to appoint a mediator to serve them in resolving their dispute.

(c) Whenever an Event of Default is caused by the failure of the Cities or the Authority, the MEDC shall have the right to exercise any one or more of the following remedies:

(i) Suspend or revoke the SmartZone Service Mark designation granted to the Ann Arbor/Ypsilanti SmartZone, and the use of the Service Mark "SmartZone" or "SmartZones" to the Cities and the Authority.

(ii) Cease to market, as otherwise agreed to by the MEDC under Section 2.02, or revoke permission to market, under Section 3.07, the Ann Arbor/Ypsilanti Certified Technology Park as a SmartZone. If the MEDC exercises this remedy, the Cities and the Authority shall be able to continue to market and operate the Ann Arbor/Ypsilanti SmartZone as the Ann Arbor/Ypsilanti Certified Technology Park during the remaining term of this Agreement.

(d) Whenever an Event of Default is caused a failure of the Authority under Section 3.01(a), the MEDC, in addition the its rights under Section 5.03(b) or (c) above, shall have the right to exercise any one or more of the following remedies:

(i) Suspend or revoke the capture of School Taxes, in whole or in part, to the extent that said School taxes are not applied to satisfy existing outstanding obligations, of the Authority, the Cities, and Affiliated Parties.

Section 5.04 Limitations upon Obligations and Remedies.

(a) The amendment, revocation or suspension by the State Treasurer of the Ratification or any authorization conferred upon the Authority by Section 3.01 above,

shall waive all obligations imposed upon the Cities or the Authority under Article III above.

(b) If the State Treasurer refuses, for any reason whatsoever, to approve the capture of that portion of Tax Increment Revenues attributable to School Taxes, revokes or suspends its approval of such capture, attributable to School Taxes, in whole or in part, or requires reimbursement, for any reason, from the Cities or the Authority, then the MEDC will have no liability to the Cities and the Authority and the Cities and the Authority will have no liability to the MEDC for damages caused by such action of the State Treasurer and this Agreement will not be construed to impose any liability upon or require the MEDC or the Cities and the Authority to repay any obligation or reimbursement paid from Tax Increment Revenues already collected.

(c) The authorization to use the MEDC's Service Mark "SmartZone" and "SmartZones" extended to the Cities and the Authority shall cease immediately upon termination of this Agreement or dissolution of the MEDC, without requiring any action of the MEDC.

Section 5.05 Absolute Right of Withdrawal. Any Party to this Agreement shall have the absolute right to withdraw from this Agreement if the Cities through their respective city councils, fail to approve the TIFP by July 1, 2002.

ARTICLE VI MISCELLANEOUS

Section 6.01 Designation of MEDC Chief Executive Officer. The Chief Executive Officer of MEDC, or his designee, is designated as the authorized officer to make determinations and approvals on behalf of the MEDC related to the satisfaction of any condition imposed by this Agreement upon the Cities and the Authority, the terms of any performance required by the Cities or the Authority, or the terms of any agreement entered into by the Cities or the Authority with another person or organization which is subject to MEDC approval.

Section 6.02 Entire Agreement. This Agreement, including its Appendixes and Exhibits, sets forth the entire agreement between the Parties and supersedes any and all prior agreements or understandings between them in any way related to the subject matter hereof. It is further understood and agreed that the terms and conditions herein are contractual and are not a mere recital and that there are no other agreements, understandings, contracts, or representations between the Parties in any way related to the subject matter hereof, except as expressly stated herein.

Section 6.03 No Presumption. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the Party causing this Agreement to be drafted.

Section 6.04 Severability of Provisions. If any provision of this Agreement, or its application to any Party or circumstance, is invalid or unenforceable, the remainder of

this Agreement and the application of that provision to other Parties or circumstances is not affected but will be enforced to the extent permitted by law.

Section 6.05 Governing Law. This Agreement is made and entered into in the State of Michigan and shall in all respects be interpreted, enforced and governed under the laws of the State of Michigan without regard to the doctrines of conflict of laws. The language of all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning, and not construed strictly for or against any Party.

Section 6.06 Captions. The captions, headings, and titles in this Agreement are intended for the convenience of the reader and not intended to have any substantive meaning and not to be interpreted as part of this Agreement.

Section 6.07 Terminology. All terms and words used in this Agreement, regardless of the numbers or gender in which they are used, are deemed to include any other number and any other gender as the context may require.

Section 6.08 Cross-References. References in this Agreement to any Article include all Sections, subsections, and paragraphs in the Article; references in this Agreement to any Section include all subsections and paragraphs in the Section.

Section 6.09 Jurisdiction and Venue. In the event of any disputes between the Parties over the meaning, interpretation, or implementation of the terms, covenants or conditions of this Agreement, the matter under dispute, unless resolved between the parties, shall be submitted to the courts of the State of Michigan.

Section 6.10 Amendment. The Agreement may be amended or an alternative form of the Agreement adopted only upon written agreement of the Parties.

Section 6.11 Independent Contractor. The Parties agree that at all times and for all purposes under the terms of this Agreement each Party's relationship to any other Party shall be that of an independent contractor. Each Party will be solely responsible for the acts of its own employees, agents, and servants. No liability, right, or benefit arising out of any employer/employee relationship, either express or implied, shall arise or accrue to any Party as a result of this Agreement.

Section 6.12 Counterpart Signatures. This Agreement may be signed in counterpart. The counterparts taken together shall constitute a single agreement.

Section 6.13 No Waiver. No waiver by MEDC or the Cities and the Authority of any breach of obligations, agreements or covenants herein shall be a waiver of any subsequent breach of any obligation, agreement or covenant, nor shall any forbearance by the MEDC or a Local Representative to seek a remedy for any breach by the another party to this Agreement be a waiver of any rights or remedies with respect to such or any subsequent breach, nor shall any express waiver by the MEDC or the Cities and the Authority be deemed to apply to any other existing or subsequent right to remedy any default by another party to this Agreement. nor shall any waiver by MEDC or the Cities and the Authority of any default or breach by another party to this Agreement in the

performance of any of the covenants or obligations under this Agreement be deemed to have been made by the MEDC unless contained in a writing executed by the waiving party. None of the Parties waive any immunities provided by law.

Signatures on the following pages.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

**MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION**

Address: 300 N. Washington Square
Lansing, MI 48913

WITNESSES:

BY: [Signature]

ITS: President & CEO

DATE: 11/23/02

CITY OF ANN ARBOR

Address: 100 N. Fifth Ave.
Ann Arbor, MI 48104

WITNESSES:

BY: [Signature]
John Hieftje

ITS: Mayor

DATE: 7/11/02

BY: [Signature]
Yvonne Carl

ITS: Interim City Clerk

DATE: _____

Approved as to form:

[Signature] 7-10-02
Abigail Elias, City Attorney

**LOCAL DEVELOPMENT FINANCING
AUTHORITY**

Address: 3135 S. State
#205
Ann Arbor, M. 48108

WITNESSES:

[Signature]
70 May

BY: Earl H. Patton

ITS: Chair

DATE: 9/9/02

THE CITY OF YPSILANTI

Address: ONE SOUTH HURON STREET
YPSILANTI, MICHIGAN
48197

WITNESSES:

Jennifer H. Goulet

Robert A. Slone

Arnto N. Barr

Jennifer H. Goulet

BY: [Signature]
Cheryl C. Farmer

ITS: Mayor

DATE: 6.18.02

BY: [Signature]
Robert Slone

ITS: City Clerk

DATE: 6.18.02

APPROVED AS TO FORM

[Signature] 5.31.02
John M. Barr
Ypsilanti City Attorney

Appendixes

- Appendix A..... Description of the Authority District, Certified Technology Park and Public Facilities.
- Appendix B..... Ratification by State Treasurer
- Appendix C..... Copy of Resolution creating the Authority
- Appendix D Authority's Tax Increment Financing Plan
- Appendix E SmartZone Service Mark Specifications

ATTACHMENT A

LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITY OF ANN ARBOR AND CITY OF YPSILANTI FOR THE SMARTZONE PROGRAM

LEGAL DESCRIPTION OF DISTRICT BOUNDARIES IN THE CITIES OF ANN ARBOR AND YPSILANTI COUNTY OF WASHTENAW, MICHIGAN

Property in the City of Ypsilanti

Commencing on the centerline of Ferris Street at a point 106 feet West of South Washington Street; thence West along the centerline of Ferris Street to the centerline of Hamilton Street; thence North to a point where the North line of Pearl Street intersects if that line is extended West along the North line of Pearl Street; thence East along the North line of Pearl Street to the West line of North Adams Street; thence North to a point 231 feet South of the South line of Washtenaw Avenue; thence East to the East line of North Washington Street; thence South to the Northwest corner of Parcel 11-11-486-005; thence East 140.25 feet to the Northeast corner of said Parcel; thence South to the Northwest corner of Parcel 11-11-486-022; thence East to the East line of North Huron Street; thence South to the Northwest corner of Parcel 11-11-401-017; thence East to the East line of the Huron River; thence Southerly along the East line of the Huron River to the North side of the Michigan Avenue Bridge thence; East to the East end of the bridge; thence South to the centerline of Water Street; thence West along the South side of the Michigan Avenue Bridge to the East line of the Huron River; thence Southerly along the East line of the Huron River to a point where the centerline of Ferris Street intersects if that line is extended; thence West along the centerline of Ferris Street to the point of beginning.

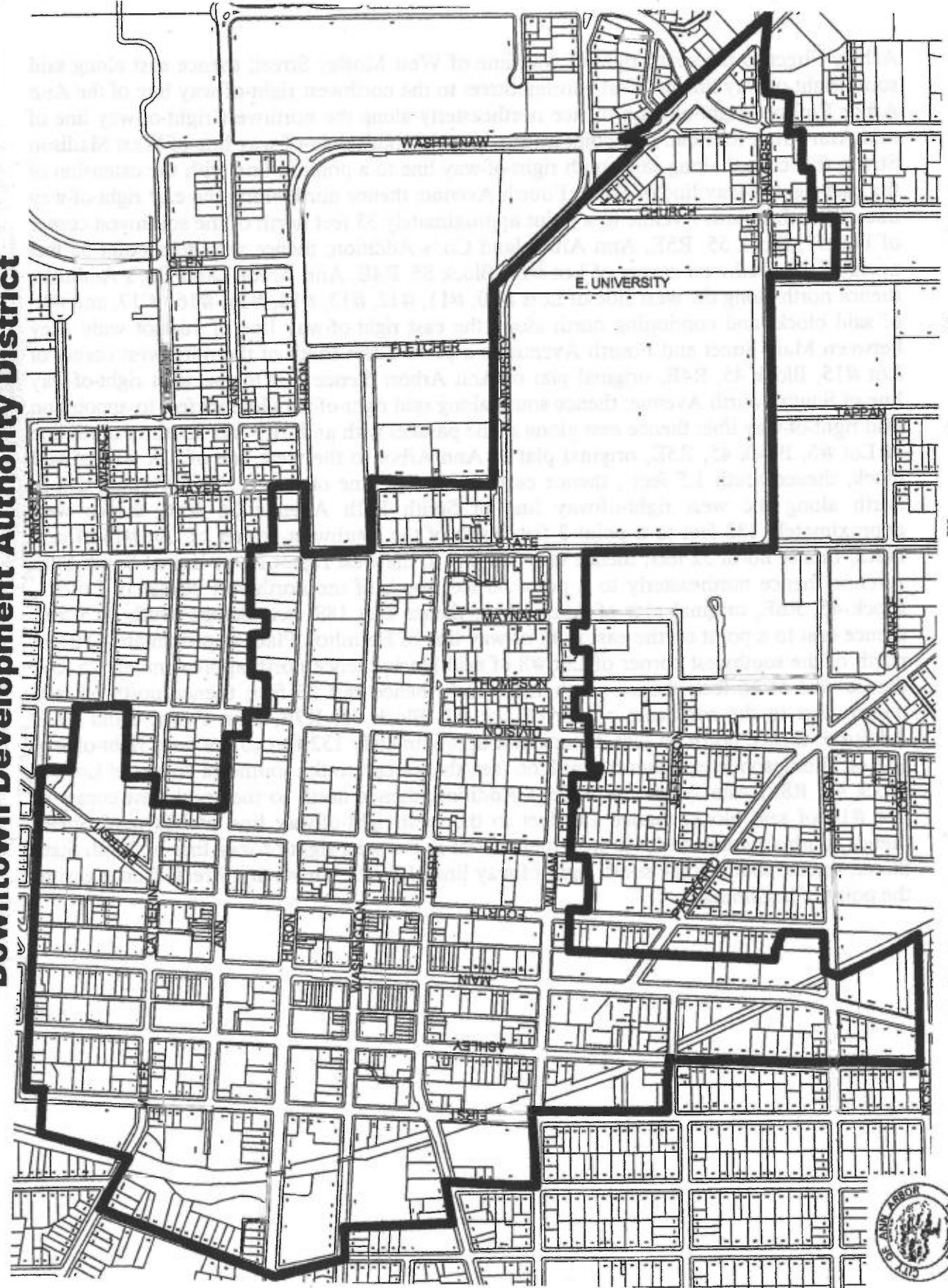
Property in the City of Ann Arbor

Beginning at the southwest corner of the intersection of South University and East University Streets rights-of-way; thence south along the west right-of-way line of East University Street approximately 330 feet; thence east to a point 132 feet west of the east right-of-way line of Church Street; thence north 27 feet; thence east 56 feet; thence south 15 feet; thence east to the east right-of-way line to Church Street; thence north along Church Street to the southwest corner of Lot #2, Block 1, R.S. Smith's Second Addition; thence easterly approximately 165 feet; thence north 44 feet; thence east approximately 360 feet to the west line of Lot #9, Block 5, R. S. Smith's Second Addition; thence north approximately 155 feet to the south right-of-way line of South University Street; thence east along a south right-of-way line of East University Street to the northeast right-of-way line of Washtenaw Avenue; thence northwesterly along said line to the north right-of-way line of North University Street; thence west along the north right-of-way line of North University Street to the east right-of-way line of South Thayer Street; thence north approximately 1,030 feet to the north line of Lot #1 of Eastern Addition (110 North Thayer Street); thence west to

the east right-of-way line of North State Street; thence north approximately 70 feet; thence west to the northwest corner of Lot #17, of Assessor's Plat No. 8; thence south to the north line of Lot #18 of said plat; thence west to the east line of Lot #20 of said Assessor's Plat No. 8; thence north along the east line of said Lot #20 to the north line of said lot; thence west 150.08 feet to the east line of Lot #1 of Assessor's Plat No. 8; thence south to the southeast corner of said lot; thence westerly and southerly along the northwest side of Lot #22 and the north side of Lot #23 of Assessor's Plat No. 8 to the east right-of-way line of North Division Street; thence northwesterly to a point 4 feet south of the northeast corner of Lot #8 of original plat of Ann Arbor; thence west approximately 101 feet; thence north 3.3 feet; thence west to a point 27 feet east of the northwest corner of Lot #10, original plat of Ann Arbor; thence north along a line that is 27 feet west of the east line of Lot #10 to the north right-of-way line of Ann Street; thence west along the north right-of-way line of said street to a point that is 16.5 feet east of the southwest corner of Lot #2 of original plat of Ann Arbor; thence north 132 feet on a line parallel with the west line of said Lot #2 to a point that is 16.5 feet east off the northwest corner of Lot #2; thence east 10 feet along the north line of Lot #2; thence north 198 feet along a line parallel to and 40 feet west of the east line of Lot #15 of original plat of Ann Arbor to the southwest corner of Lot #149 of Assessor's Plat No. 29; thence east 74.37 feet to the southeast corner of Lot #150 of Assessor's Plat #29; thence north 132.35 feet to the northeast corner of Lot #150, Assessor's Plat No. 29; thence east along the north side of Lots #151, #153, #154, #155, and #158 of Assessor's Plat No. 29, extended to the east side of the North Division Street right-of-way; thence north along the east right-of-way line of North Division Street to the northwest corner of Lot #2 of Assessor's Plat No. 6; thence west to the southwest corner of Lot #141 of Assessor's Plat No. 29; thence north along the west line of said lot extended to the north right-of-way line of East Kingsley Street; thence west along the north right-of-way of East and West Kingsley Street to the intersection of the right-of-way line of North First Street with the north right-of-way line of West Kingsley Street; thence south $4^{\circ} 02' 10''$ west 131.56 feet; thence north $83^{\circ} 23' 50''$ west 137.76 feet; thence south $15^{\circ} 31' 45''$ west 66 feet; thence south $15^{\circ} 01' 40''$ west 350.49 feet to the north right-of-way line of Miller Avenue; thence northwest along the northeasterly right-of-way line of Miller Avenue to a point approximately 125 feet northwest of the northwest intersection of the rights-of-way of Spring Street and Miller Avenue; thence southwesterly along the northwest right-of-way of Chapin Street to intersect with the southwest right-of-way of Third Street; thence southeast along said southwest right-of-way line of Third Street to a point intersecting with the south right-of-way line of West Washington Street; thence east along said south right-of-way line of West Washington Street to the northeast corner of Lot #1 of Krause's Addition; thence south along the east side of Lots #1, #3, #4, #5, #6, #7, #8, and #9 of Krause's Addition to a point intersecting with the southeast right-of-way line of West Liberty Street; thence northeasterly along said southeasterly right-of-way line of West Liberty Street to a point intersecting with the west right-of-way line of Second Street; thence south along said west right-of-way line to the intersection of the west right-of-way line of Second Street with the south right-of-way line of West William Street; thence east along the south right-of-way line of West William Street to the west right-of-way line of First Street; thence south along the west right-of-way line of First Street to the intersection of the north right-of-way line of Jefferson Street with the west right-of-way line of First Street; thence east to the west right-of-way line of South Ashley Street; thence south along said west right-of-way line of South

Ashley Street to the south right-of way line of West Mosley Street; thence east along said south right-of-way line of West Mosley Street to the northwest right-of-way line of the Ann Arbor Railroad right-of-way; thence northeasterly along the northwest right-of-way line of said Ann Arbor Railroad to a point intersecting the south right-of-way line of West Madison Street; thence east along said south right-of-way line to a point in line with the extension of the east right-of-way line of South Fourth Avenue; thence north along the east right-of-way line of South Fourth Avenue to a point approximately 33 feet north of the southwest corner of Lot #7, Block 55, R5E, Ann Arbor land Co.'s Addition; thence west to a point 33 feet north of the southwest corner of Lot #10, Block 55, R4E, Ann Arbor Land Co.'s Addition; thence north along the west side of Lots #10, #11, #12, #13, #14, #15, #16, #17, and #18 of said block, and continuing north along the east right-of-way line of 16-foot wide alley between Main Street and Fourth Avenue to a point 6 feet south of the northwest corner of Lot #15, Block 45, R4E, original plat of Ann Arbor; thence east to the west right-of-way line of South Fourth Avenue; thence south along said right-of-way line 99 feet to appoint on said right-of-way line; thence east along a line parallel with and 31.5 feet south of north line of Lot #3, Block 45, R5E, original plat of Ann Arbor to the west line of Lot #14 of said block; thence south 1.5 feet, thence east to the west line of South Fifth Avenue; thence north along the west right-of-way line of South Fifth Avenue 36 feet; thence west approximately 132 feet to a point 3 feet north of the southwest corner of Lot #15 of said block; thence north 52 feet; thence east 132 feet to the west right-of-way line of South Fifth Avenue thence northeasterly to a point 66 feet south of the northwest corner of Lot #1, Block 45, R6E, original plat of Ann Arbor; thence east 189 feet; thence south 16.5 feet; thence east to a point on the east right-of-way line of Hamilton Place approximately 50 feet north of the southwest corner of Lot #8 of said block; thence north approximately 25 feet; thence east 66.15 feet; thence south 138.1 feet; thence east 33 feet; thence north 66 feet; thence east to the southeast corner of Lot #2, Block 45, R7E, Ann Arbor Land Co.'s Addition; thence north 66 feet, thence east approximately 132 feet to the west right-of-way line of Thompson Street; thence south 66 feet; thence east to the southeast corner of Lot #2, Block 45, R8E, Ann Arbor Land Co.'s Addition; thence north to the southwest corner of Lot #16 of said block; thence 132 feet to the west right-of-way line of Maynard Street; thence south approximately 40 feet; thence east to the west right-of-way line of South State Street; thence south to the south right-of-way line of South University Street; thence east to the point of beginning.

Downtown Development Authority District



City of Ann Arbor Planning Department September 2000



**CITY OF YPSILANTI
SMART ZONE LOCATION**

AATA TRANSIT
STATION

EMU ICARD
ST.

EMU
College of Business

CITY HALL

U.S. - 12 B.R.

WATER STREET REDEVELOPMENT AREA

FERRIS

WATER
ST.

HURON
ST.

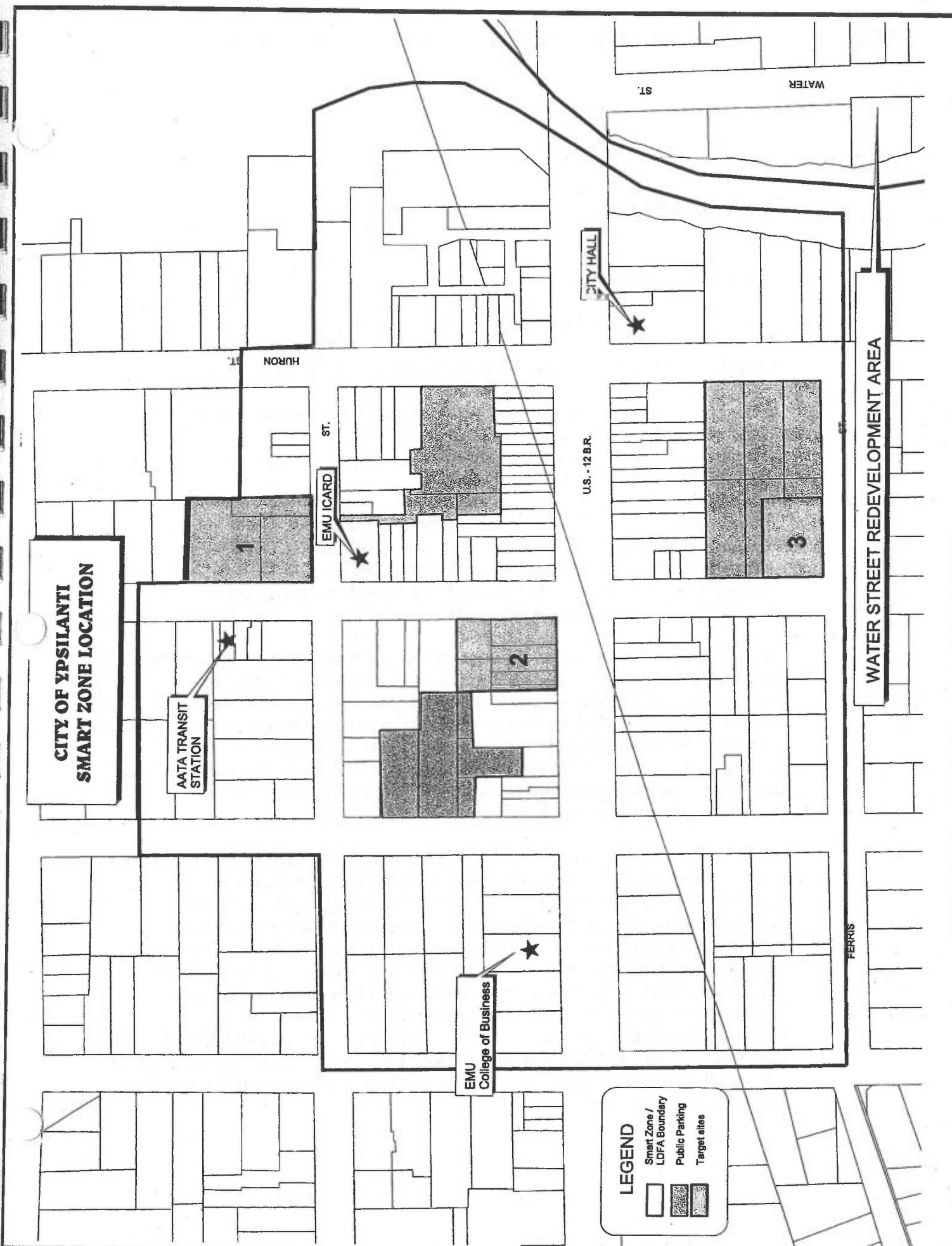
1

2

3

LEGEND

- Smart Zone / LDFA Boundary
- Public Parking
- Target sites





MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER ASSISTANCE
517 373 9808

WWW.MICHIGAN.ORG

MEMORANDUM

DATE: December 18, 2002
TO: Doug Roberts, State Treasurer
FROM: Doug Rothwell, President and Chief Executive Officer
RE: Approval of the Ann Arbor/Ypsilanti SmartZone Tax Increment Financing Plan

- EXECUTIVE COMMITTEE
GOVERNOR JOHN ENGLER
General Chair
MATTHEW P. CULLEN
Chair
General Motors
PHILIP H. POWER
Vice-Chair
HomeTown Communications Network
FACUNDO BRAVO
Uni Boring Co., Inc.
JOHN W. BROWN
Stryker Corporation
DR. DAVID E. COLE
er for
omotive Research
JOANN CRARY
Saginaw Future Inc.
STEVEN K. HAMP
Henry Ford Museum & Greenfield Village
HAYDEN H. HARRIS
EDF Ventures
DEWITT J. HENRY
Wayne County
PAUL HILLEGONDS
Detroit Renaissance
MAYOR DAVID HOLLISTER
City of Lansing
MICHAEL J. JANDERNOA
Perrigo Company
BIRGIT M. KLOHS
The Right Place Program
DR. IRVIN D. REID
Wayne State University
S. MARTIN TAYLOR
DTE Energy Company
PETER S. WALTERS
Guardian Industries Corporation
PRESIDENT & CEO
DOUG ROTHWELL

In the spring of 2000, the Legislature amended the Local Development Financing Act to create a SmartZone program within the Michigan Economic Development Corporation (MEDC). By law, the MEDC designated ten SmartZones that contain certified technology parks (as referenced in the Act). These zones are comprised of districts that are governed by Local Development Finance Authorities (LDFA).

SmartZones are designed to foster partnerships between local governments, their economic development partners, and key providers of intellectual property and research and development, typically a university or private research institute. Through this partnership, and with a focus on new business formation, technology transfer, and either business park or downtown development, the program is designed to create and foster the creation and growth of technology oriented businesses, industry clusters, and a recognizable brand or image.

Within a SmartZone, or a certified technology park, the LDFA can collect the growth of property taxes from all property within the boundaries of the SmartZone to fund the cost of "public facilities" designed to aid in the development of "eligible businesses" (i.e. primarily manufacturing and technology-related firms). The definition within the LDFA Act for SmartZones has been significantly expanded and includes, in addition to traditional forms of public infrastructure, business incubators, publicly owned laboratory facilities, R&D facilities, teleconferencing facilities, marketing, and administration of the SmartZone and the acquisition and disposal of land. The LDFA may collect all local operating property taxes within the SmartZone and up to 50% of the K-12, state, and Intermediate School District (ISD) operating levies for up to 15 years.

Doug Roberts
Page 2
December 18, 2002

Pursuant to section 2 (ee)(ii)(B) of the statute, in order for an LDFA to capture the K-12, state, and ISD levies, the State Treasurer must determine that the capture is necessary to reduce unemployment, promote economic growth, and increase capital investment in the municipality.

In the fall of 2000, in response to an RFP, the MEDC received eighteen proposals and pre-proposals for SmartZone designation. After a great deal of analysis and negotiation, on April 11, 2001, the MEDC announced the ten areas that will receive designation. Attached to this memo is a fact sheet on the SmartZone program and a summary of each SmartZone.

Recommendation to Approve Ann Arbor/Ypsilanti Request

Enclosed with this memorandum is a request by a SmartZone community to capture the K-12, state, and ISD operating levies. The MEDC recommends your approval of the request. Their request is for the full amount (50% of K-12, state, and ISD levies) available by law. The total estimated capture for the first 15 years of the LDFA is \$23,891,999. The communities intend to capture school levies only. Along with this estimated support, the MEDC will be providing the City of Ann Arbor a \$10 million grant.

The Ann Arbor/Ypsilanti LDFA plan identifies the capture, its intended uses, and the goals and objectives of the SmartZone. The Ann Arbor/Ypsilanti SmartZone encompasses a significant portion of the downtown of each community. The LDFA anticipates using the bulk of tax increment revenues for business incubator operations and programs and telecommunications connectivity. In addition to the above costs, LDFA administration and marketing plans and programs are included in the plan.

Process Issues

Pursuant to the law, the MEDC, the Cities of Ann Arbor and Ypsilanti, and the LDFA have entered into an agreement formally designating the Ann Arbor/Ypsilanti SmartZone as a certified technology park. Included in the enclosed binder is a copy of the SmartZone Agreement, LDFA plan, and the original draft Ratification Certificate as signed by the Cities of Ann Arbor and Ypsilanti and the LDFA that you could use to memorialize your approval of the Ann Arbor/Ypsilanti tax increment plan.

Doug Roberts
Page 3
December 18, 2002

Please sign the original Ratification Certificate and return it to the MEDC for disbursement to the SmartZone Agreement parties.

Should you or your staff have any questions regarding the Ann Arbor/Ypsilanti request, the SmartZone program in general, or the process to be followed to secure your approval of the tax capture, please do not hesitate to contact myself or Matt Dugener, Managing Director of Targeted Community Initiatives, at (517) 241-3635.

cc: Matt Dugener

Attachments



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.
LANSING, MI 48913

CUSTOMER CONTACT
CENTER
517 373 9808

WWW.MICHIGAN.ORG

*I figured better
coffee stains
than trying to get
the resigned!*

January 6, 2003

Ms. Susan Lackey
President
Washtenaw Development Council
3135 S. State Street
Suite 205
Ann Arbor, MI 48108

EXECUTIVE COMMITTEE

MATTHEW P. CULLEN
Chair
General Motors
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MAYOR DAVID HOLLISTER
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The Right Place Program

DR. IRVIN D. REID
Wayne State University

S. MARTIN TAYLOR
DTE Energy Company

PETER S. WALTERS
Guardian Industries
Corporation

Dear ^{SUE} Ms. Lackey:

I am pleased to present to you the Ratification Agreement as signed by the State Treasurer. This document officially approves your SmartZone Local Development Finance Authority (LDFA) plan and authorizes the capture of state education taxes toward the fulfillment of that plan.

As you will note, the Chair of your LDFA has not yet signed the Ratification Agreement. Please have the Chair of the LDFA sign the attached agreement and forward a copy of the executed document to me.

If you have any comments or questions, please call me at (517) 241-3635.

Best regards,

Matthew Dugener
Managing Director
Targeted Community Initiatives

A RESOLUTION APPROVING THE CREATION OF THE ANN ARBOR/YPSILANTI SMART ZONE LOCAL DEVELOPMENT FINANCE AUTHORITY

WASHTENAW COUNTY BOARD OF COMMISSIONERS

July 17, 2002

WHEREAS, in early 2001, the Michigan Economic Development Corporation designated the Ann Arbor/Ypsilanti SmartZone as one of only ten smartzones in the State; and

WHEREAS, the purpose of the SmartZone is to support small start-up technology companies primarily in the information technology field within the SmartZone; and

WHEREAS, the SmartZone will be funded through a local development finance authority ("LDFA") the boundary of which is roughly equivalent to the existing Ann Arbor and Ypsilanti Downtown Development Authorities; and

WHEREAS, Michigan law provides that when two governmental entities combine to create an LDFA, the county where those entities are located must approve the creation of that LDFA; and

WHEREAS, the creation of the SmartZone and the LDFA which will fund the SmartZone will have no negative financial impact upon the County as the only taxes to be captured are increased public school property taxes which the County does not have the right to receive under Michigan law.

NOW THEREFORE, BE IT RESOLVED that the Washtenaw County Board of Commissioners approves the creation of the Ann Arbor/Ypsilanti SmartZone as well as the creation of the Ann Arbor/Ypsilanti Local Development Finance Authority, which will fund the SmartZone.

| COMMISSIONER | Y | N | A | COMMISSIONER | Y | N | A | COMMISSIONER | Y | N | A |
|--------------|---|---|---|--------------|---|---|---|--------------|---|---|---|
| Armentrout | | | X | Irwin | X | | | Prater | X | | |
| Bergman | X | | | Kern | X | | | Shaw | X | | |
| Craiger | X | | | Kestenbaum | X | | | Sizemore | | | X |
| DeLong | X | | | Montague | X | | | Sołowczuk | X | | |
| Gunn | X | | | Peterson | X | | | Yekulis | X | | |

CLERK/REGISTER'S CERTIFICATE - CERTIFIED COPY ROLL CALL VOTE: TOTALS 13 0 2

STATE OF MICHIGAN)
COUNTY OF WASHTENAW)SS-

I, Peggy M. Haines, Clerk/Register of said County of Washtenaw and Clerk of Circuit Court for said County, do hereby certify that the foregoing is a true and accurate copy of a resolution adopted by the Washtenaw County Board of Commissioners at a session held at the County Administration Building in the City of Ann Arbor, Michigan, on July 17, 2002, as appears of record in my office.
In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court at Ann Arbor, this 30th day of Sept., 2002.

PEGGY M. HAINES, Clerk/Register

BY: Barbara L. King
Deputy Clerk



SmartZonesSM
SERVICE MARK HANDBOOK

This Service Mark handbook has been developed to answer basic questions about Service Mark usage in connection with the Michigan SmartZones.

What is a Service Mark?

A service mark is a word, phrase, symbol or design, or combination of those, which identifies and distinguishes the source of a service of one party from those of others. It is the same thing as a trademark, except it is for a service rather than a product.

Examples of Service Marks: Two Men and a Truck
 Comerica
 Tuffy Auto Service Centers
 Stanley Steamer
 SmartZone, SmartZones

How do you get a Service Mark?

There are two ways to get a Service Mark. One is to simply use the mark commercially. The second is to file an application with the Patent and Trademark Office and use the mark in commerce across state lines.

The MEDC has done both. We are using the mark commercially and we have filed an application with the Patent and Trademark Office.

What are the benefits of a Service Mark?

Establishing Service Mark rights gives the owner the ability to keep others from trading off of the value it builds up in the mark and the value of public recognition of the owner's services.

Using the examples of Service Marks from above most people know:
 that Two Men and a Truck is a moving service,
 that Comerica is a bank,
 that Tuffy Auto Service Centers are known for their mufflers,
 that Stanley Steamer is associated with rug cleaners

Our goal is that SmartZones be associated with very innovative clusters of technology-based businesses and research institutions throughout the state.

When do you use a Service Mark?

Use the Service Mark any time you want the public to identify the services being offered with the owner of the mark.

You should use the SM symbol any time the mark stands out as the source of the services, such as in:

| | |
|-------------|----------------|
| Advertising | Letterhead |
| Headings | Business Cards |
| Titles | Signs |

The broader the public exposure, the more you should prominently display the SM.

In longer marketing material, the use of the Service Mark symbol every time "SmartZone" (known as "the mark") is used in a document can disrupt the flow of normal text. Therefore, use an * after the mark and denote at the bottom that "SmartZone" is a Service Mark of The Michigan Economic Development Corporation.

Why did the MEDC Service Mark SmartZones?

In two words: Quality and Innovation

SmartZones are a very innovative approach to stimulating and supporting the growth of technology-based businesses and jobs. These technology clusters, building on Michigan's strong scientific, engineering, educational, and research capabilities, will bring to market the application of scientific and technological innovation to help drive Michigan's economic development strategy for years to come. Therefore, it is critical that each SmartZone reflect a high level of quality in its businesses, research activities, training and support services, and marketing. It is necessary, then, to ensure that quality services are offered under a Service Mark the public recognizes.

Can we name the SmartZone?

During the selection process and awarding of the SmartZone designation, the MEDC and the local applicants have already agreed to the name of the SmartZone. The approved names of the local SmartZones are:

| | |
|--------------------------------------|------------------------------|
| Battle Creek Aviation and e-Learning | Muskegon Lakeshore |
| Grand Rapids | Oakland Automation Alley |
| Kalamazoo | Pinnacle |
| Lansing Regional | Washtenaw |
| Michigan Tech Enterprise | Woodward Technology Corridor |
| Mount Pleasant | |

The use of the local name combined with the SmartZone service mark is allowed but must meet Service Mark criteria by visually separating SmartZone through spacing, different font, a line, etc. from the name when used in a title, logo, or other identifier.

The following example would **meet** the Service Mark criteria for the use of the local identifier with the SmartZone Service Mark:

Battle Creek Aviation and e-Learning
SmartZoneSM

Battle Creek Aviation and e-Learning
SmartZoneSM

In this example, Battle Creek Aviation and e-Learning is on a different line than SmartZone, it is separated by a line, it is in italics and in a different font.

The following examples would not meet the Service Mark criteria when used in a title, logo, or other identifier.

Battle Creek Aviation and e-Learning SmartZoneSM
Battle Creek Aviation and e-Learning SmartZoneSM

In each of these examples Battle Creek Aviation and e-Learning is on the same line as SmartZone, which can lead the reader to believe the whole line is Service Marked, not just the SmartZone.

Can we use the business, research or governmental entities in identifying the SmartZone?

SmartZones are associated with an educational institution or a private research institution ("University"). Therefore, it is not unreasonable to identify the university with the SmartZone. In order to meet the Service Mark criteria, the following format must be used:

Kalamazoo SmartZone^{SM*} at Western Michigan University

*SmartZones is a Service Mark of The Michigan Economic Development Corporation.

Can you combine Trademarks with Service Marks?

Yes, this is done frequently. A good example is Microsoft® and their various software programs. Microsoft is Service Marked and the software programs are Trademarked.

A number of the educational institutions involved with the SmartZones have logos that are Service Marked as well as some of the major contributors to the SmartZones. These various logos can be combined in marketing material and signage. We request that the SmartZone logo be the predominate image/wording.



The MEDC is willing to work with you on these issues, but we want to review all marketing materials, including signage, prior to their publication, per your SmartZone agreement.

What is the difference between an SM and a ®?

Once the Service Mark application has been through the process at the Patent and Trademark Office and an official Registration Certificate has been issued, the owner may use the ® at the end of the mark instead of SM.

Will signs and other marketing materials have to be changed from SM to ®?

Signs are of a permanent nature and usually very costly to change. We will not require the centers to change the SM to a ®. You can still use the SM even after it is registered. The ® indicates it is on the Patent and Trademark Office Register.

As you update or reprint marketing material the SM should be changed to the ®.

Who owns the Service Mark for the SmartZones?

The Michigan Economic Development Corporation owns the Service Marks and contractually licenses individual SmartZones to use them.

How do we give attribution to the MEDC that is a requirement of our contracts?

Please use the following:

SmartZones is a Service Mark of The Michigan Economic Development Corporation.

If you have further specific questions regarding Service Mark usage, please contact Kirsten Tava at 517-241-0813.



City of Ann Arbor

301 E. Huron St.
Ann Arbor, MI 48104
[http://a2gov.legistar.com/
Calendar.aspx](http://a2gov.legistar.com/Calendar.aspx)

Certified Copy

Resolution: R-14-175

File Number: 14-0858

Enactment Number: R-14-175

Resolution to Affirm the Continuing Public Purpose of the Ann Arbor/Ypsilanti SmartZone Local Development Financing Authority and Approve Application to MEDC for Extension of its Term

Whereas, In 2001, the Michigan Economic Development Corporation designated the Ann Arbor/Ypsilanti SmartZone to promote the growth of technology business and employment opportunities in the SmartZone area;

Whereas, The Cities of Ann Arbor and Ypsilanti, desiring to work together in this economic development initiative, entered to an agreement to and established the Ann Arbor/Ypsilanti Local Development Finance Authority (LDFA) to fund the SmartZone through tax increment financing;

Whereas, Under the provisions of the Ann Arbor/Ypsilanti SmartZone LDFA adopted Tax Increment Financing (TIF) and Development Plan, the LDFA will dissolve and at the end of the LDFA fiscal year commencing in 2018 and the final will occur in 2018;

Whereas, The Michigan legislative passed Public Act 290 of 2012, amending the Local Development Financing Act, and providing for extension of local development financing authorities for either 5 or 15 years if certain conditions were met;

Whereas, The Ann Arbor/Ypsilanti SmartZone LDFA has adopted a Resolution supporting application to the MEDC for extension for 15 years or 5 years at a minimum; and

Whereas, There is a continuing public purpose for maintaining the LDFA to further the growth and expansion of technology business and employment opportunities within Ann Arbor and Ypsilanti;

RESOLVED, That City Council affirms the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA and its role in facilitation of the commercialization of research products being developed at University of Michigan and Eastern Michigan University, and the development and support of new and existing technology-led economic development;

RESOLVED, That City Council supports the application to the MEDC by the Ann Arbor/Ypsilanti SmartZone LDFA for extension, as allowed by law, of its term for an additional 15 years, commencing in 2018, or at minimum an additional 5 years;

RESOLVED, That City Council, in support of such application, states that if MEDC approves the Ann Arbor/Ypsilanti SmartZone LDFA application for extension subject to completion of all statutory requirements for extension, the City will:

On receipt of request by the LDFA, cooperatively work with the City of Ypsilanti to amend the LDFA TIF and Development Plan to include regional collaboration as determined by MEDC and in accordance with all statutory requirements for amendment.

Assist the LDFA, to the extent necessary, to meet additional reporting requirements required by State Treasury and/or MEDC in connection with approval of the extension

Work with the LDFA and the City of Ypsilanti to identify and negotiate a Sponsorship Agreement with another LDFA (Satellite SmartZone LDFA) which will allow the Satellite SmartZone LDFA to capture local taxes in its own distinct geographic area for the maximum 15 years allowed by statute; which Sponsorship Agreement will be presented to the respective City Councils of Ann Arbor and Ypsilanti for approval;

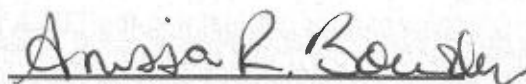
RESOLVED, That in furtherance of the above mentioned support, the City Administrator and City Attorney are directed to take all necessary actions to implement this Resolution and the application for extension of the Ann Arbor/Ypsilanti SmartZone LDFA; and

RESOLVED, That the City Clerk provide a copy of this Resolution to the City of Ypsilanti and the Ann Arbor/Ypsilanti SmartZone LDFA.

Sponsored by: Councilmember Petersen

I, Jacqueline Beaudry, Clerk of the City of Ann Arbor, Michigan, certify that this is a true copy of Resolution R-14-175, passed by the Ann Arbor City Council on 6/2/2014.

Attest:



Anissa R. Bowden,
Council Administrative Coordinator

June 04, 2014

Date Certified



City of Ann Arbor

301 E. Huron St.
Ann Arbor, MI 48104
[http://a2gov.legistar.com/
Calendar.aspx](http://a2gov.legistar.com/Calendar.aspx)

Certified Copy

Resolution: R-14-306

File Number: 14-1313

Enactment Number: R-14-306

Resolution Authorizing an Agreement with Adrian/Tecumseh SmartZone as a Satellite SmartZone to Support the 15 Year Extension of the Ann Arbor/Ypsilanti SmartZone LDFA

Whereas, The Cities of Ann Arbor and Ypsilanti, as host cities for the Ann Arbor/Ypsilanti SmartZone LDFA (the "Host Cities"), separately adopted resolutions which affirmed the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA (the "LDFA") to facilitate the development and support of new and existing technology-led businesses and expressed support for an application to the MEDC for an extension of 5 and/or 15 years;

Whereas, As part of their respective support for the LDFA's application for an extension of its term, the Host Cities agreed to work with the LDFA to identify and negotiate an agreement with a Satellite SmartZone LDFA, which will allow the satellite SmartZone to capture local taxes in its own distinct geographic area, and which is required by law for the Ann Arbor/Ypsilanti SmartZone LDFA to qualify for a 15 year extension;

Whereas, On August 21, 2014, after negotiation with potential communities, and being fully advised of each of the potential communities attributes, the LDFA unanimously approved the selection of the Adrian/Tecumseh LDFA for recommendation to the Host Cities as a Satellite SmartZone, citing the following criteria as the basis of their recommendation:

Level and likelihood of funding.

Adrian/Tecumseh LDFA meets MEDC requirements.

Strategic Advantage/Complimentary to Host Communities

Multi-jurisdictional district includes colleges/universities. Proximity to Ann Arbor/Ypsilanti and technology/renewable energy focus

Attractiveness to the State

Adrian/Tecumseh LDFA Development Plan includes agricultural technology development as a focus

Preparedness to move forward in the Satellite approval process

Satellite approvals already in place.

History of Entrepreneurship Activity

Adrian Innovation Center at Adrian College.

Whereas, A requirement of the Adrian/Tecumseh LDFA's designation as a Satellite SmartZone is that the Host Cities and the Adrian/Tecumseh LDFA enter into an Agreement as required under Section 12b of the Local Development Financing Act (PA 281 of 1986, as amended);

RESOLVED, That the City Council of the City of Ann Arbor accepts the recommendation of the LDFA and being fully apprised of the basis for that recommendation makes the following findings:

That the selection of the Adrian/Tecumseh LDFA as a satellite provides unique characteristics and specialties through its public and private resources including the location of Adrian College, Siena Heights University and Jackson College within its TIF District and the opportunities for research partnerships and student/young entrepreneur involvement. In addition partnership with another multi-jurisdictional LDFA provides opportunities for shared experiences.

That the selection of the Adrian/Tecumseh LDFA as a satellite provides regional cooperation and collaboration benefits to the LDFA and the Cities of Ann Arbor and Ypsilanti with joint focuses on technology (including expanding green technologies and agricultural technology) and entrepreneurial services.

That the selection of the Adrian/Tecumseh LDFA as a satellite provides value and support to the LDFA by strengthening existing collaboratives, making available a new/expanded technical assistance and support through its Innovation Center at Adrian College, and agricultural and manufacturing resources; and

RESOLVED, That the City Council of City of Ann Arbor, based on the findings stated in this Resolution and the negotiated terms of the attached Satellite Agreement, which incorporates the proposed Adrian/Tecumseh Executive Summary of its SmartZone Plan, agrees to enter into the Satellite Agreement with the Adrian/Tecumseh LDFA to create a SmartZone Satellite;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Satellite Agreement after approval as to form by the City Attorney; and

RESOLVED, That the City Clerk be directed to provide a copy of this Resolution to the City Council of the City of Ypsilanti, the Ann Arbor/Ypsilanti LDFA and the Adrian/Tecumseh LDFA.

I, Jacqueline Beaudry, Clerk of the City of Ann Arbor, Michigan, certify that this is a true copy of Resolution R-14-306, passed by the Ann Arbor City Council on 9/2/2014.

Attest: Anissa R. Bowden
Anissa R. Bowden,
Council Administrative Coordinator

September 03, 2014
Date Certified



City of Ann Arbor

301 E. Huron St.
Ann Arbor, MI 48104
<http://a2gov.legistar.com/Calendar.aspx>

Certified Copy

Resolution: R-14-418

File Number: 14-1723

Enactment Number: R-14-418

Resolution to Approve Amendment No. 1 to the Ann Arbor/Ypsilanti SmartZone Agreement between Michigan Economic Development Corporation, City of Ann Arbor, City of Ypsilanti, and the Local Development Finance Authority of the Cities of Ann Arbor and Ypsilanti

Whereas, On November 25, 2002, the Michigan Economic Development Corporation ("MEDC"), the City of Ann Arbor and the City of Ypsilanti (collectively the "Cities") and the Local Development Finance Authority of the Cities ("LDFA") entered into an agreement to establish the terms and conditions governing the Ann Arbor/Ypsilanti SmartZone ("Agreement");

Whereas, Under the terms of the Agreement, the Cities and the LDFA are required to obtain prior approval of the MEDC to amend the Ann Arbor/Ypsilanti SmartZone LDFA Development and Tax Increment Financing Plan;

Whereas, The Cities and the LDFA have previously approved application to the MEDC to extend the tax capture period of the LDFA by additional fifteen (15) years which required the Cities and the LDFA to enter into an agreement with a Satellite LDFA to designate the Satellite LDFA District as a SmartZone Satellite for the benefit of regional cooperation and collaboration, and to amend Development and Tax Increment Financing Plan for the LDFA to comply with Public Act 281 of 1986, as amended ("Public Act 281");

Whereas, The Cities approved and entered into an agreement with Satellite LDFA to designate the Satellite LDFA District as a SmartZone Satellite, which designation has been filed with MEDC;

Whereas, The Cities and the LDFA now desire to amend the Agreement with the MEDC to incorporate the rights and obligations of the parties in regard to the designation of the Satellite LDFA District as a Satellite SmartZone;

Whereas, Amendment of the Agreement will:

- amend Section 3.01 to provide for an additional 15 year period on ratification by State Treasurer and approval of the President of the MEDC of the LDFA amended Development and Tax Increment Financing Plan
- amend Section 3.05 of the Agreement to comply with the reporting requirement of Public Act 281
- amend Section 5.01 of the Agreement extending its term to May 1, 2032


Whereas, It is understood by the Cities and the LDFA that MEDC may revoke its approval of the Cities' amendment to their Development and TIF Plan and the extension of its term from 15 to 30 years if the terms of the Amendment to the Agreement are not satisfied,

RESOLVED, That the Mayor and City Council approve Amendment No. 1 to the Ann Arbor/Ypsilanti SmartZone Agreement between Michigan Economic Development Corporation, City of Ann Arbor, City of Ypsilanti, and the Local Development Finance Authority of the Cities of Ann Arbor and Ypsilanti

RESOLVED, That the Mayor is authorized and directed to execute the Agreement after approval as to form by the City Attorney; and

RESOLVED, That the City Clerk is directed to provide a certified copy of this Resolution to the City of Ypsilanti, the Chair of the Ann Arbor/Ypsilanti SmartZone LDFA and MEDC.

I, Jacqueline Beaudry, Clerk of the City of Ann Arbor, Michigan, certify that this is a true copy of Resolution R-14-418, passed by the Ann Arbor City Council on 12/15/2014.

Attest:  December 17, 2014
Jacqueline Beaudry **Date Certified**



RESOLUTION NO. 2014-135
June 3, 2014

Resolution to Affirm the Continuing Public Purpose of the Ann Arbor/Ypsilanti SmartZone Local Development Financing Authority and Approve Application to MEDC for Extension of its Term.

IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that:

Whereas, In 2001, the Michigan Economic Development Corporation designated the Ann Arbor/Ypsilanti SmartZone to promote the growth of technology business and employment opportunities in the SmartZone area;

Whereas, The Cities of Ann Arbor and Ypsilanti, desiring to work together in this economic development initiative, entered to an agreement to and established the Ann Arbor/Ypsilanti Local Development Finance Authority (LDFA) to fund the SmartZone through tax increment financing;

Whereas, Under the provisions of the Ann Arbor/Ypsilanti SmartZone LDFA adopted Tax Increment Financing (TIF) and Development Plan, the LDFA will dissolve and at the end of the LDFA fiscal year commencing in 2018 and the final will occur in 2018;

Whereas, The Michigan legislative passed Public Act 290 of 2012, amending the Local Development Financing Act, and providing for extension of local development financing authorities for either 5 or 15 years if certain conditions were met;

Whereas, The Ann Arbor/Ypsilanti SmartZone LDFA has adopted a Resolution supporting application to the MEDC for extension for 15 years or 5 years at a minimum; and

Whereas, There is a continuing public purpose for maintaining the LDFA to further the growth and expansion of technology business and employment opportunities within Ann Arbor and Ypsilanti;

RESOLVED, That City Council affirms the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA and its role in facilitation of the commercialization of research products being developed at University of Michigan and Eastern Michigan University, and the development and support of new and existing technology-led economic development;

RESOLVED, That City Council supports the application to the MEDC by the Ann Arbor/Ypsilanti SmartZone LDFA for extension, as allowed by law, of its term for an additional 15 years, commencing in 2018, or at minimum an additional 5 years;

RESOLVED, That City Council, in support of such application, states that if MEDC approves the Ann Arbor/Ypsilanti SmartZone LDFA application for extension subject to completion of all statutory requirements for extension, the City will:

- On receipt of request by the LDFA, cooperative work with the City of Ann Arbor to amend the LDFA TIF and Development Plan to include regional collaboration as determined by MEDC and in accordance with all statutory requirements for amendment.
- Assist the LDFA, to the extent necessary, to meet additional reporting requirements required by State Treasury and/or MEDC in connection with approval of the extension
- Work with the LDFA and the City of Ann Arbor to identify and negotiate a Sponsorship Agreement with another LDFA (Satellite SmartZone LDFA) which will allow the Satellite SmartZone LDFA to capture local taxes in its own distinct geographic area for the maximum 15 years allowed by statute; which Sponsorship Agreement will be presented to the respective City Councils of Ann Arbor and Ypsilanti for approval;

RESOLVED, That in furtherance of the above mentioned support, the City Manager and City Attorney are directed to take all necessary actions to implement this Resolution and the application for extension of the Ann Arbor/Ypsilanti SmartZone LDFA; and

RESOLVED, That the City Clerk provide a copy of this Resolution to the City of Ann Arbor and the Ann Arbor/Ypsilanti SmartZone LDFA.

OFFERED BY: Council Member Murdock

SUPPORTED BY: Council Member Robb

YES: 7 NO: 0 ABSENT: 0 VOTE: CARRIED



Resolution No. 2014-213
September 2, 2014

Resolution Authorizing an Agreement with the Adrian/Tecumseh SmartZone as a Satellite SmartZone to Support the 15-Year Extension of the Ann Arbor/Ypsilanti SmartZone LDFA

IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that:

WHEREAS, The Cities of Ann Arbor and Ypsilanti, as host cities for the Ann Arbor/Ypsilanti SmartZone LDFA (the "Host Cities"), separately adopted resolutions which affirmed the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA (the "LDFA") to facilitate the development and support of new and existing technology-led businesses and expressed support for an application to the MEDC for an extension of 5 and/or 15 years;

WHEREAS, as part of their respective support for the LDFA's application for an extension of its term, the Host Cities agreed to work with the LDFA to identify and negotiate an agreement with a satellite SmartZone LDFA, which will allow the satellite SmartZone to capture local taxes in its own distinct geographic area, and which is required by law for the LDFA to qualify for a 15 year extension;

WHEREAS, on August 21, 2014, after negotiation with potential communities, and being fully advised of each of the potential communities attributes, the LDFA unanimously approved the selection of the Adrian/Tecumseh LDFA for recommendation to the Host Cities as a Satellite SmartZone, citing the following criteria as the basis of their recommendation:

- *Level and likelihood of funding.*
Adrian/Tecumseh LDFA meets MEDC requirements.
- *Strategic Advantage/Complimentary to Host Communities*
Multi-jurisdictional. District includes colleges/universities. Proximity to Ann Arbor/Ypsilanti and technology/renewable energy focus
- *Attractiveness to the State*
Adrian/Tecumseh LDFA Development Plan includes agricultural technology development as a focus
- *Preparedness to move forward in the Satellite approval process*
Satellite approvals already in place.
- *History of Entrepreneurship Activity*
Adrian Innovation Center at Adrian College.

WHEREAS, a requirement of the Adrian/Tecumseh LDFA's designation as a Satellite SmartZone is that the Host Cities and the Adrian/Tecumseh LDFA enter into an Agreement as required under Section 12b of the Local Development Financing Act (PA 281 of 1986, as amended);

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Ypsilanti accepts the recommendation of the LDFA and being fully apprised of the basis for that recommendation makes the following findings:

1. That the selection of the Adrian/Tecumseh LDFA as a satellite provides unique characteristics and specialties through its public and private resources, including the

location of Adrian College, Siena Heights University, and Jackson College within its TIF District and the opportunities for research partnerships and student/young entrepreneur involvement. In addition, partnership with another mutli-jurisdictional LDFA provides opportunities for shared experiences.

2. That the selection of the Adrian/Tecumseh LDFA as a satellite provides regional cooperation and collaboration benefits to the LDFA and the cities of Ann Arbor and Ypsilanti with joint focuses on technology (including expanding green technologies and agricultural technology) and entrepreneurial services.
3. That the selection of the Adrian/Tecumseh LDFA as a satellite provides value and support to the LDFA by strengthening existing collaboratives, making available a new/expanded technical assistance and support through its Innovation Center at Adrian College, and agricultural and manufacturing resources.

BE IT FURTHER RESOLVED THAT the City Council of City of Ypsilanti, based on the findings stated in this Resolution and the negotiated terms of the attached Satellite Agreement, which incorporates the proposed Adrian/Tecumseh Executive Summary of its SmartZone Plan, agrees to enter into the Satellite Agreement with the Adrian/Tecumseh LDFA to create a SmartZone Satellite.

BE IT FURTHER RESOLVED THAT the Mayor and City Clerk are authorized and directed to execute the Satellite Agreement after approval as to form by the City Attorney.

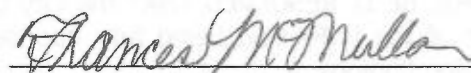
BE IT FURTHER RESOLVED THAT the City Clerk is directed to provide a copy of this Resolution to the City Council of the City of Ann Arbor, the Ann Arbor/Ypsilanti LDFA, and the Adrian/Tecumseh LDFA.

OFFERED BY: Council Member Robb

SUPPORTED BY: Mayor Pro-Tem Richardson

YES: 7 NO: 0 ABSENT: 0 VOTE: Carried

I do hereby certify that the above resolution is a true and correct copy of Resolution 2014-213 as passed by the Ypsilanti City Council, at their meeting held on September 2, 2014.



Frances McMullan, City Clerk



Resolution No. 2015-006
January 6, 2015

RESOLUTION TO APPROVE AMENDMENT NO. 1 TO THE ANN ARBOR/YPSILANTI SMARTZONE AGREEMENT BETWEEN MICHIGAN ECONOMIC DEVELOPMENT CORPORATION, CITY OF ANN ARBOR, CITY OF YPSILANTI, AND THE LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE CITIES OF ANN ARBOR AND YPSILANTI

IT IS RESOLVED BY THE COUNCIL OF THE CITY OF YPSILANTI that:

Whereas on November 25, 2002, the Michigan Economic Development Corporation ("MEDC"), the City of Ann Arbor, and the City of Ypsilanti (collectively the "Cities") and the Local Development Finance Authority of the Cities ("LDFA") entered into an agreement to establish the terms and conditions governing the Ann Arbor/Ypsilanti SmartZone ("Agreement"); and

Whereas under the terms of the Agreement, the Cities and the LDFA are required to obtain prior approval of the MEDC to amend the Ann Arbor/Ypsilanti SmartZone LDFA Development and Tax Increment Financing Plan; and

Whereas the Cities and the LDFA have previously approved application to the MEDC to extend the tax capture period of the LDFA by additional fifteen (15) years which required the Cities and the LDFA to enter into an agreement with a Satellite LDFA to designate the Satellite LDFA District as a SmartZone Satellite for the benefit of regional cooperation and collaboration, and to amend Development and Tax Increment Financing Plan for the LDFA to comply with Public Act 281 of 1986, as amended ("Public Act 281"); and

Whereas the Cities approved and entered into an agreement with Satellite LDFA to designate the Satellite LDFA District as a SmartZone Satellite, which designation has been filed with MEDC; and

Whereas, the Cities and the LDFA now desire to amend the Agreement with the MEDC to incorporate the rights and obligations of the parties in regard to the designation of the Satellite LDFA District as a Satellite SmartZone; and

Whereas, Amendment of the Agreement will:

- amend Section 3.01 to provide for an additional 15 year period on ratification by State Treasurer and approval of the President of the MEDC of the LDFA amended Development and Tax Increment Financing Plan
- amend Section 3.05 of the Agreement to comply with the reporting requirement of Public Act 281

• amend Section 5.01 of the Agreement extending its term to May 1, 2032; and
Whereas it is understood by the Cities and the LDFA that MEDC may revoke its approval of the Cities' amendment to their Development and TIF Plan and the extension of its term from 15 to 30 years if the terms of the Amendment to the Agreement are not satisfied;

NOW THEREFORE BE IT RESOLVED that the City Council for the City of Ypsilanti approve Amendment No. 1 to the Ann Arbor/Ypsilanti SmartZone Agreement between Michigan Economic Development Corporation, City of Ann Arbor, City of Ypsilanti, and the Local Development Finance Authority of the Cities of Ann Arbor and Ypsilanti;

BE IT FURTHER RESOLVED that the Mayor is authorized and directed to execute the Agreement after approval as to form by the City Attorney; and

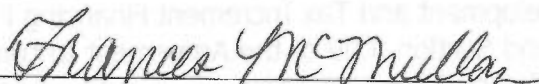
BE IT FURTHER RESOLVED that the City Clerk is directed to provide a certified copy of this Resolution to the City of Ann Arbor, the Chair of the Ann Arbor/Ypsilanti SmartZone LDFA, and the MEDC.

OFFERED BY: Council Member Nicole Brown

SUPPORTED BY: Council Member Vogt

YES: 7 NO: 0 ABSENT: 0 VOTE: CARRIED

I do hereby certify that the above resolution is a true and correct copy of Resolution 2015-006 as passed by the Ypsilanti City Council, at their meeting held on January 6, 2015.


Frances McMullan, City Clerk

Local Development Finance Authority of the
Cities of Adrian and Tecumseh

RESOLUTION APPROVING
SATELLITE SMARTZONE AGREEMENT

Minutes of a special meeting of the Local Development Finance Authority of the Cities of Adrian and Tecumseh, County of Lenawee, State of Michigan, held on August 19, 2014 at 7:30p.m., prevailing Eastern Time.

PRESENT: Members Baker, Gnodtke, Johnson, Kapnick, Noe,
Olsaver, Steele and Wimple.

ABSENT: Members None.

The following preamble and resolution were offered by Member Noe and supported by Member Kapnick:

WHEREAS, the City of Ann Arbor, County of Washtenaw, State of Michigan ("Ann Arbor") and the City of Ypsilanti, County of Washtenaw, State of Michigan ("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; and

WHEREAS, the City of Adrian, County of Lenawee, State of Michigan ("Adrian") and the City of Tecumseh ("Tecumseh") have established the Local Development Finance Authority of the Cities of Adrian and Tecumseh (the "Adrian-Tecumseh LDFA") pursuant to Act 281 to promote economic growth in Adrian and Tecumseh within the boundaries of its authority district (the "Satellite District"), as described in the Satellite Agreement (hereinafter defined); and

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

WHEREAS, the Adrian-Tecumseh LDFA has prepared a SmartZone Plan (the "Satellite SmartZone Plan"), as attached to the Satellite SmartZone Agreement (hereinafter defined), 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, the Adrian-Tecumseh LDFA desires to approve an agreement by and among the Adrian-Tecumseh LDFA, Ann Arbor and Ypsilanti that designates the Satellite District as a certified technology park pursuant to Section 12b of Act 281, in the form attached hereto as Exhibit A (the "Satellite SmartZone Agreement").

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Adrian-Tecumseh LDFA hereby approves the Satellite SmartZone Agreement in substantially the form presented in Exhibit A hereto, including the SmartZone Plan attached thereto.


2. The Adrian-Tecumseh LDFA authorizes the Chairperson and Secretary to execute the Satellite SmartZone Agreement and submit the same to the City Clerk of Ann Arbor and the City Clerk of Ypsilanti for approval by Ann Arbor and Ypsilanti.

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


AYES: Members Baker, Gnodtke, Johnson, Kapnick, Noe,
Olsaver, Steele and Wimple.

NAYS: Members None.

RESOLUTION DECLARED ADOPTED.


Secretary

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of the Local Development Finance Authority of the Cities of Adrian and Tecumseh, County of Lenawee, State of Michigan, at a special meeting held on August 19, 2014, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.


Secretary