

SATELLITE SMARTZONE AGREEMENT

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

RECITALS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a. If to Ann Arbor;

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

b. If to Ypsilanti:

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

c. If to the Adrian-Tecumseh LDFA:

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

And

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

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

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

[Remainder of page intentionally left blank]

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

CITY OF ANN ARBOR

By: _____
John Hieftje
Its: Mayor

By: _____
Jacqueline Beaudry
Its: City Clerk

CITY OF YPSILANTI

By: _____
Paul Schreiber
Its: Mayor

By: _____
Frances McMullen
Its: City Clerk

LOCAL DEVELOPMENT FINANCE
AUTHORITY OF THE CITIES OF ADRIAN AND
TECUMSEH

By: _____
Its: Chairperson

By: _____
Its: Secretary

EXHIBIT A

DESCRIPTION OF SATELLITE DISTRICT

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

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Executive Summary Satellite SmartZone Plan

Executive Summary

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

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

Location

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

Unique Characteristics and Specialties

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

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

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

Executive Summary Satellite SmartZone Plan

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

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

Technology Focus - Support to Technology Businesses and Entrepreneurs

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

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

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

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

Budget

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

Executive Summary Satellite SmartZone Plan

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

Economic Impact

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

Management Team & Partners

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

Adrian Tecumseh SmartZone DRAFT Budget

Projected Revenues	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Projected SEV of Real Property (Cumulative)	\$0	\$2,125,000	\$9,625,000	\$12,875,000	\$12,875,000	\$18,375,000	\$18,375,000	\$20,375,000	\$22,750,000	\$24,750,000	\$24,750,000	\$24,750,000	\$24,750,000	\$24,750,000	\$24,750,000	\$24,750,000
Projected Annual LDFA Revenue	\$0	\$29,587	\$134,306	\$181,839	\$183,658	\$263,951	\$266,591	\$298,043	\$334,091	\$366,218	\$369,880	\$373,579	\$377,315	\$381,088	\$384,899	\$388,748
Projected Annual SZ Revenue	\$0	\$25,500	\$115,755	\$155,913	\$157,472	\$225,046	\$227,297	\$253,570	\$284,606	\$311,452	\$314,566	\$317,712	\$320,889	\$324,098	\$327,339	\$330,612
In-Kind Income	\$200,000	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Income	\$200,000	\$255,087	\$450,061	\$337,752	\$341,129	\$488,998	\$493,888	\$551,613	\$618,697	\$677,670	\$684,446	\$691,291	\$698,204	\$705,186	\$712,238	\$719,360
Projected Expenses	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Infrastructure Expenses	\$0	\$29,587	\$134,306	\$181,839	\$183,658	\$263,951	\$266,591	\$298,043	\$334,091	\$366,218	\$369,880	\$373,579	\$377,315	\$381,088	\$384,899	\$388,748
Center Director	\$50,000	\$50,000	\$50,000	\$55,000	\$55,000	\$55,000	\$60,000	\$60,000	\$60,000	\$65,000	\$65,000	\$65,000	\$70,000	\$70,000	\$70,000	\$70,000
Incubator Operating Expenses	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Business Support	\$125,000	\$125,000	\$125,000	\$99,000	\$99,000	\$125,000	\$125,000	\$150,000	\$175,000	\$190,000	\$200,000	\$200,000	\$200,000	\$200,000	\$215,000	\$215,000
Marketing	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Total Projected Expenses	\$200,000	\$239,587	\$344,306	\$370,839	\$372,658	\$488,951	\$501,591	\$558,043	\$619,091	\$671,218	\$684,880	\$688,579	\$697,315	\$701,088	\$719,899	\$723,748
Surplus	\$0	\$15,500	\$121,255	\$88,168	\$56,639	\$56,686	\$48,982	\$42,552	\$42,158	\$48,609	\$48,175	\$50,887	\$51,776	\$55,874	\$48,213	\$43,825



Adrian College
OFFICE OF THE PRESIDENT

August 15, 2014

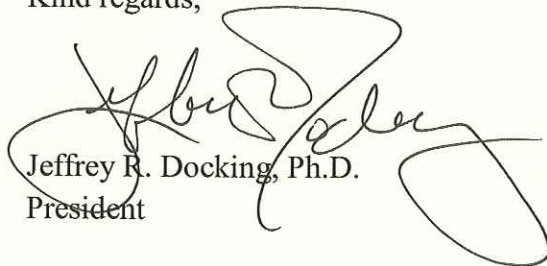
Michael A. Finney, President and CEO
The Michigan Economic Development Corporation
300 N. Washington Square
Lansing, MI 48913

Dear Mr. Finney

Adrian College is excited to be part of the Satellite SmartZone Plan submitted by the communities of Adrian and Tecumseh for consideration by the Michigan Economic Development Corporation.

In support this initiative Adrian College is willing to commit, for the first three years, an annual support of \$200,000 gift-in-kind in the form of incubator space "Adrian College Innovation Center," computer and other IT equipment and services, part salaries for the Director and support personnel, business support services and other forms in-kind gifts including funding for various incubator activities geared to promote entrepreneurial activities.

Kind regards,


Jeffrey R. Docking, Ph.D.
President