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November 3, 2008

John Hieftje, Mayor  
City of Ann Arbor  
100 North Fifth Avenue  
Ann Arbor, MI 48104

Jacqueline Beaudry, Clerk  
City of Ann Arbor  
100 North Fifth Avenue  
Ann Arbor, MI 48104

Roger Fraser, Administrator  
City of Ann Arbor  
100 North Fifth Avenue  
Ann Arbor, MI 48104

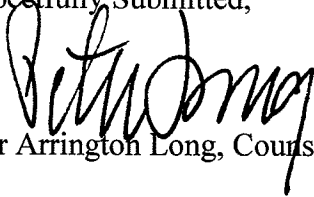
Re: The Economic Development Corporation of the City of Ann Arbor:

Dear Messrs Hieftje and Fraser and Ms Beaudry:

Please find enclosed the 2008 Annual Report of the Economic Development Corporation of the City of Ann Arbor.

Should you, staff or Council Members have any questions regarding the report, please contact the undersigned at your/their convenience.

Respectfully Submitted,



Peter Arrington Long, Counsel

cc: Stephen Lange Ranzini, President  
Fred Beal, Vice-President

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CITY OF ANN ARBOR  
CITY CLERK  
REC'D



## CITY OF ANN ARBOR, MICHIGAN

100 North Fifth Avenue, P.O. Box 8647, Ann Arbor, Michigan 48107

Economic Development  
Corporation

### 2008 Annual Report

#### THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF ANN ARBOR

The Economic Development Corporation of the City of Ann Arbor ("EDC") was established in 1978 by City Council to assist in the attraction, relocation, retention and expansion of business organizations which provide employment and which are beneficial to the populace, the economy and the environment of Ann Arbor.

The EDC is not a lending institution. Instead, it facilitates development by its issuance of tax-exempt private activity revenue bonds. These are purchased by the entity or individuals actually making the loan with the proceeds typically disbursed in essentially the same manner as a conventional commercial mortgage loan. The EDC Board of Directors reviews applications and recommends to Council those projects it judges to be in the interests of the City according to certain well-defined criteria. In practice, the EDC has favored projects which were sensitive to environmental concerns and which added to the diversity of the jobs pool in the City. Since its inception, the EDC has issued over one hundred thirty million dollars in revenue bonds for thirty-four projects in the City. Examples include the Ann Arbor YMCA facility and expansions of Glacier Hills.

Because of significant changes in Federal tax law since 1986, the use of tax-exempt revenue bond financing has been substantially reduced. It is now essentially limited to manufacturing facilities and certain non-profit entities. It is anticipated that this trend toward reduced activity will continue in the foreseeable future.

In addition to its issuance of bonds, the EDC has made a number of grants for various economic development-related activities. These have included a \$50,000 grant to the Center for Empowerment and Economic Development. The purpose was to create a microloan program whereby small business start-up loans would be made primarily to businesses owned by women and by minorities. A grant in the amount of \$30,000 was made to Ann Arbor SPARK, the primary economic development agency in the Ann

Arbor area. The grant was to be used primarily to attract and retain outstanding technology and business talent to the area. Grants have also been made to the Washtenaw Development Council, the Chamber Innovation Center, the Ann Arbor Summer Festival and the Michigan Technology Council.

The EDC charges applicants a filing fee of \$650 and a project completion fee of one-half percent of the principal amount of the bond due at closing. For further information, contact the office of the Mayor at City Hall or Peter A. Long, Of Counsel, with the Berry Moorman P.C. law firm, The Atrium Building, Suite 300, 900 Victors Way, Ann Arbor, Michigan 4108 (734.668.4095).

EDC Directors are nominated by the Mayor and appointed to six-year terms by City Council. Meetings of the EDC Board of Directors are held on an as-required basis. Meeting notices are posted in advance at City Hall and all EDC meetings are open to the public.

James C. Adams, Director

Fred Beal, Director

Dan Blakemore, Director

Tom Crawford, Director

Roger Fraser, Director

Dale Leslie, Director

Tim Marshall, Director

Stephen Lange Ranzini, Director

Patricia Warner, Director