



CITY OF ANN ARBOR, MICHIGAN

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

Economic Development
Corporation

2011 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.

Because of significant changes in Federal tax law since 1986, the use of tax-exempt revenue bond financing has been substantially reduced, being essentially limited to manufacturing and certain non-profit facilities. However, pursuant to the American Recovery and Reinvestment Act of 2009, many of those limitations were removed for so-called Recovery Zone Facility ("RZF") bonds. Under this legislation the City was authorized to permit the EDC to issue up to seventeen million dollars of RZF bonds for a broad range of uses not permitted since 1986. However, this authority was of limited duration and required that closings on the bonds take place not later than December 31, 2010. Notice of the availability of the RZF bonds was widely disseminated and serious interest was expressed by several potential users but due to economic conditions, no formal applications were received.

While no RZF bonds were issued, the EDC issued its \$14,000,000 bond on behalf of Glacier Hills, Inc., a non-profit corporation, in November, 2010. The proceeds of the bonds are being used for certain improvements in connection with the Glacier Hills expansion and improvement of its facilities at 1200 Earhart Road.

In addition to its issuance of bonds, the EDC has made a number of grants for various economic development-related activities. These have included grants to the Center for Empowerment and Economic Development, Ann Arbor Spark, 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 48108 (palong@berrymoorman.com)(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

Dan Blakemore, Director

Tom Crawford, Director

Roger Fraser, Director

Dale Leslie, Director

Tim Marshall, Director

Timothy Patton, Director

Stephen Lange Ranzini, Director

Patricia Warner, Director



CITY OF ANN ARBOR, MICHIGAN

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

Economic Development
Corporation

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF ANN ARBOR

Balance Sheet

October 1, 2011

ASSETS

Bank of Ann Arbor (0100012905)	\$24,191.60
--------------------------------	-------------

LIABILITIES AND ENTITY CAPITAL

Liabilities	none
-------------	------

Entity Capital	\$24,191.60
----------------	-------------

TOTAL	\$24,191.60
-------	-------------