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

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

Adopted by LDFA 10/2/02
Adopted by City of Ann Arbor 11/19/02
Adopted by City of Ypsilanti 11/20/02

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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 require~~s~~d the approval of the County of Washtenaw. The Ann Arbor/Ypsilanti SmartZone plan was adopted by the City of Ann Arbor and City of Ypsilanti on June 27, 2002 and the County of Washtenaw on July 17, 2002. A map of the ~~proposed~~ SmartZone LDFA District is attached as **Appendix A**.
~~The schedule for adoption of the resolutions establishing the LDFA follows:~~

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

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

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

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

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

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

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

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

2. Estimates of Captured Taxable Value and Tax Increment Revenue

Beginning in 2003, the LDFA will commenced capture of ad valorem and specific tax levies on all new and incremental growth from the initial assessed value of Captured Property determined on the basis of assessments as of December 31, 2000. The initial taxable value of the LDFA District is was $261,776,313. Upon final approval by MEDC, Tthe LDFA will capture tax dollars for an additional fifteen (15) years beyond the original 2003-2018 87 approved term, which would commenceing with levies imposed in 2003 2019 98 through the levies imposed in 2018 2034 2.

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

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

3. Anticipated Captured Revenue Stream

Chart Table 1, attached hereto, estimates the amount of tax increment revenue available for disbursement to the LDFA and the impact of this Plan upon the local school districts and the State. Based on current sState law, this Plan shall have no direct impact upon the local school districts, as it has no direct impact upon the per pupil reimbursement from the State to the public schools. [The impact to the State School Aide Fund will be approximately $2445 5957,000,000 million over the extended 15 years of the LDFA

pPlan. [absent any revenue offset from the State general fund and/or returns from LDFA contracted activities.] This translates to approximately $1,6003.8 million,000,000 annually, or $0.791.94/student statewide.]

4. Explanation of Procedure

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

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

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

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

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

5. Operating and Administrative Expenditures

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

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

6. Notes or Bonded Indebtedness

Subject to the requirements and restriction of ~~s~~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 LDFA does not anticipate issuing any bonded indebtedness. A decision to do so would require an amendment to this Plan.~~ Notwithstanding the LDFA's statutory authorization to issue revenue bonds, it is agreed by the LDFA and the Cities that no revenue bonds will be authorized for issuance by the LDFA during the term of the Plan. However, the LDFA may enter into an agreement with Ann Arbor or the Cities to pay debt service from bonds issued by Ann Arbor or the Cities to the extent the bonds are utilized to meet the permissible expenditures under the Development Plan.

7. Use of Tax Increment Revenue

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

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

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

8. Sources of Revenue

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

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

9. Excess Revenue

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

10. Duration of Plan; Dissolution

Tax increment revenues shall continue to be captured by the LDFA from levies in 2003 through levies in ~~2018~~2032~~4~~. The Development Plan portion of this Plan shall remain in effect until the end of the LDFA fiscal year commencing in ~~2018~~2034, or until the

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

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

11. Job/Business Creation Estimates

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

~~We believe that businesses of this scale can find appropriate facilities within the areas encompassed by the SmartZone.~~current track record of the programs funded by the LDFA from 2003~~2~~ to 2014. It is reasonable to estimate that the contractor providing the services to companies for the LDFA~~, Ann Arbor SPARK~~, can maintain the trend of companies created at 20 per year over the course of the additional 15 year Smart-Zone extension resulting in a total of 300 companies created by 2032~~3~~. Assuming the continued support of the current ecosystem for client companies, and the achievement of catalyzing the creation of 300 new companies, ~~SPARK~~ it is projectsed that ~~to serve~~ 900 unique companies will be served over the 15 extension.

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

12. Summary

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

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

Section III: The Development Plan

Introduction

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

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

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

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

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The above data is reported by the companies served in annual surveys and in ongoing direct contact with SPARK.
~~The WDCSpark is the lead economic development organization for Washtenaw County, with one of its missions the encouragement of emerging industries. The IT Zone is a membership organization, charged with encouraging the technology industry in Washtenaw County, including establishment of new business enterprises in technology fields. Both organizations have as a subsidiary goal the retention of technology graduates from area colleges and Universities. The third, key, party to the plan is a technology accelerator. This program is currently being developed under the guidance of volunteers from the Ann Arbor IT Zone, the University of Michigan, Eastern Michigan University, and a variety of business and private volunteers. The exact operation of this accelerator will be determined based on the final configuration, and subject to approval by the LDFA. Currently, accelerator proponents anticipate a relationship with the Ann Arbor IT Zone, which uses the Zone to compliment the work of the accelerator, but assure the accelerator of independent status.~~
~~Entrepreneurs and companies served through programs like the Entrepreneur Boot Camp, Accelerator Grants, Micro loans, and incubator facilities, more than 500 companies have benefited. These companies today employ more than 1,400 people, about 500 more than when they were first provided assistance with LDFA resources.~~

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

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

2. Boundaries of Property to which the Development Plan Applies

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

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

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

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

4. Public Facilities and Improvement Anticipated

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

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

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

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

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

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

~~5. Staging/Timelines~~

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

~~6.~~5. Property Sales/Transfers to or from Ann Arbor or Ypsilanti

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

~~7.~~6. Zoning/Utility Changes

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

8.7. Overall Cost Estimates and Financing

It is estimated that the overall cost to the LDFA of implementing this Development pPlan from 2003 20198 – 2018 20342 will be approximately $2550957 million,000,000. These cost estimates include the operation of the, the costs of operation of the LDFA, and the costs of extending publicly owned conduit technology related infrastructure as appropriate. These costs will be funded with tax increment revenues, user fees and grants. In the event that costs exceed the available tax increment financing, priority will be provided to funding programs, rather than LDFA operations.

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

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

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

10.9. Procedures for Leasing, Purchasing and Conveying Public Facilities

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

11.10. Residences and Resident Relocation Assistance

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

~~12.~~11. Amendments

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

ADOPTED THIS ~~2nd~~ ___DAY OF ~~OCTOBER~~_____, ~~2002~~201 _.

Appendix A	**Map of ~~Proposed~~ SmartZone**
Appendix B	**Resolutions of Adoption**
~~**Table 1**~~	~~**Assumptions**~~
Table ~~2~~1	**Anticipated Tax Increment Revenue**
Table ~~3~~2	**Anticipated Tax Increment Expenditures**
Attachment 1	**Agreement Between Cities**

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