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-onfunding 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.

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

City of Ann Arbor ACCEPTANCE:	
Dated:	Christopher Taylor Mayor
City of Ypsilanti ACCEPTANCE:	
Dated:	Amanda Edmonds
	Mayor
Local Development Finance Author ACCEPTANCE:	ority of the Cities of Ann Arbor and Ypsilanti
Dated:	
	Carrie Leahy Chairman
MEDC ACCEPTANCE:	Michigan Economic Development Corporation
Dated:	
	Steve Arwood Chief Operating Officer
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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-Tecumsch 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:

- 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.
 - The Satellite SmartZone Plan provides benefits to regional cooperation and collaboration.
 - The Satellite SmartZone Plan adds value to the mission of the Ann Arbor Ypsilanti LDFA.
- Designation of Certified Technology Park. The Satellite District is hereby designated as a "certified technology park" pursuant to Section 12b of Act 281.
- Obligations of Adrian-Tecumsch LDFA. The Adrian-Tecumsch 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 Pinancing 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.
- 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).
- 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 contemporancous 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.
- 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.
- No Assignment. The parties mutually agree that their respective rights, obligations and duties under this Agreement may not be assigned.
- 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.
- 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 B. Maumee Street Adrian, MI 49221

And

Attention: City Adminstrator 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. <u>Counterparts</u>. 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.

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Ву:	Its: cuff acqueline B its:	Mayor Be- Caudry City Clerk
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By:	Frances McN Its: DEV DRITY OF T	Mullen

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

CITY OF ANN ARBOR

3 5 0	Its:	Chair	person	
By:				
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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 side, 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; Cityowned 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; Cityowned 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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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, LISD, the USDA, Michigan Department of Agriculture and Rural Development, the Small Business Development Center, and our local SCORE representative, among others.