



Legislation Text

File #: 14-1313, **Version:** 1

Resolution Authorizing an Agreement with Adrian/Tecumseh SmartZone as a Satellite SmartZone to Support the 15 Year Extension of the Ann Arbor/Ypsilanti SmartZone LDFA

On June 2, 2014, Council adopted a resolution (R-14-175) which affirmed the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA ("LDFA") to facilitate the development and support of new and existing technology-led businesses. Council also expressed support for an application to the MEDC for an extension of 5 and/or 15 years. In doing so, Council indicated it would:

1. Work with the LDFA and City of Ypsilanti to identify and negotiate an agreement with a Satellite SmartZone LDFA, which will allow the satellite Smartzone to capture local taxes in its own distinct geographic area, and which is required by law for the Ann Arbor/Ypsilanti SmartZone LDFA to qualify for a 15 year extension;
2. Assist the LDFA, to the extent necessary, to meet additional reporting requirements required by State Treasury and/or MEDC in connection with approval of the extension; and
3. Work cooperatively with the City of Ypsilanti to amend the existing LDFA TIF and Development Plans to include among other things regional collaboration as determined by the MEDC.

On June 3, 2014, the City Council for the City of Ypsilanti adopted a resolution affirming the continuing public purpose of the LDFA and similarly expressing its support for application to the MEDC for an extension of 5 and/or 15 years and its intent to work with the City of Ann Arbor and the LDFA to accomplish the necessary actions for approval of an extension.

Since adoption of this resolution, the LDFA has worked with a variety of parties to find, assess, and recommend a satellite smartzone for Council consideration. On August 21, 2014, the LFDA met and selected Adrian/Tecumseh SmartZone as the recommended satellite smartzone (see attached draft minutes and LDFA resolution). The recommendation was unanimously approved by the LDFA Board.

The LDFA's selection was based on several criteria: 1) level and likelihood of funding; 2) strategic advantage (complimentary to Ann Arbor/Ypsilanti); 3) attractive to the State of Michigan; 4) preparedness to move forward in the Satellite approval process; and 5) history of entrepreneurship activity. The Cities of Adrian and Tecumseh have already established its LDFA. The proposed Satellite LDFA is multi-jurisdictional and includes both college/university communities as well technology-focused businesses within its district providing the potential for regional partnerships as well as cross-development of entrepreneur-driven technology programming. In addition Adrian/Tecumseh's technology focus includes agricultural technology which is a new area of focus for the State of Michigan. Adrian/Tecumseh's level of potential funding meets MEDC requirements.

Attached for Council consideration is a resolution to enter into an agreement with the

Adrian/Tecumseh Smartzone, which upon signing would officially recognize the host/satellite relationship and complete item #1 above.

The MEDC has indicated that there are other host smartzones interested in seeking approval for a 15 year extension, but there are only three 15 year extensions permitted by the legislation. Marquette/Houghton have already met the criteria so there are only two remaining. Approval by the City Councils of Ann Arbor and Ypsilanti of the attached agreement would be sufficient for the Ann Arbor/Ypsilanti Smartzone to qualify for the second. Since there are numerous communities interested in being selected for the limited number of 15 year extensions, time is of the essence for Council's consideration of the attached agreement.

To assist Council in its consideration and continue with the application process, the LDFA Board has also contemporarily worked on items #2 and #3 above (the final approved document must be submitted to MEDC no later than June 2015). A working draft of proposed amendments to the current TIF and Development Plan is attached (amendments in track changes). The focus of the amendments can be summarized as follows:

- Extending the life of the Plans by 15 years
- Clarifying terms within the document and providing consistent references throughout
- Clarifying that funds may be expended anywhere within the cities of Ann Arbor or Ypsilanti consistent with the stated purposes of Development Plan
- Modifying uses of TIF proceeds to include:
 - Payments for installation of technology related infrastructure
 - Talent recruitment and retention programs
 - Utilization of grants and donations for collaborative opportunities
- Modifying bonding language to permit agreements with the city

The LDFA Board also discussed the potential to expand the existing TIF capture district in order to capture additional funds in support of the amended Plan's authorized uses but has not included it yet in the draft amendments.

While the above #2 & #3 items are not part of the agreement being considered with the attached agreement, the LDFA is interested in obtaining Council's input on these items since all amendments need to be negotiated with the MEDC and Treasury. Members of the LDFA Board will be available for Council input on the Plan amendments on the evening of the Sept. 2nd Council meeting and/or be available at the September 8th Council Working Session.

The LDFA Board and the City Administration recommend approval of the attached Satellite Agreement with Adrian/Tecumseh LDFA at Council's September 2, 2014 meeting.

Prepared by: Tom Crawford, Chief Financial Officer and Mary Joan Fales, Senior Assistant City Attorney

Reviewed by: Steven D. Powers, City Administrator

Sponsored by: Councilmember Petersen & Ann Arbor/Ypsilanti SmartZone LDFA

Whereas, The Cities of Ann Arbor and Ypsilanti, as host cities for the Ann Arbor/Ypsilanti SmartZone LDFA (the "Host Cities"), separately adopted resolutions which affirmed the continuing public purpose of the Ann Arbor/Ypsilanti SmartZone LDFA (the "LDFA") to facilitate the development and support of new and existing technology-led businesses and expressed support for an application to the MEDC for an extension of 5 and/or 15 years;

Whereas, As part of their respective support for the LDFA's application for an extension of its term, the Host Cities agreed to work with the LDFA to identify and negotiate an agreement with a Satellite SmartZone LDFA, which will allow the satellite SmartZone to capture local taxes in its own distinct geographic area, and which is required by law for the Ann Arbor/Ypsilanti SmartZone LDFA to qualify for a 15 year extension;

Whereas, On August 21, 2014, after negotiation with potential communities, and being fully advised of each of the potential communities attributes, the LDFA unanimously approved the selection of the Adrian/Tecumseh LDFA for recommendation to the Host Cities as a Satellite SmartZone, citing the following criteria as the basis of their recommendation:

- *Level and likelihood of funding.*
Adrian/Tecumseh LDFA meets MEDC requirements.
- *Strategic Advantage/Complimentary to Host Communities*
Multi-jurisdictional district includes colleges/universities. Proximity to Ann Arbor/Ypsilanti and technology/renewable energy focus
- *Attractiveness to the State*
Adrian/Tecumseh LDFA Development Plan includes agricultural technology development as a focus
- *Preparedness to move forward in the Satellite approval process*
Satellite approvals already in place.
- *History of Entrepreneurship Activity*
Adrian Innovation Center at Adrian College.

Whereas, A requirement of the Adrian/Tecumseh LDFA's designation as a Satellite SmartZone is that the Host Cities and the Adrian/Tecumseh LDFA enter into an Agreement as required under Section 12b of the Local Development Financing Act (PA 281 of 1986, as amended);

RESOLVED, That the City Council of the City of Ann Arbor accepts the recommendation of the LDFA and being fully apprised of the basis for that recommendation makes the following findings:

1. That the selection of the Adrian/Tecumseh LDFA as a satellite provides unique characteristics and specialties through its public and private resources including the location of Adrian College, Siena Heights University and Jackson College within its TIF District and the opportunities for research partnerships and student/young entrepreneur involvement. In addition partnership with another multi-jurisdictional LDFA provides opportunities for shared experiences.
2. That the selection of the Adrian/Tecumseh LDFA as a satellite provides regional cooperation and collaboration benefits to the LDFA and the Cities of Ann Arbor and Ypsilanti with joint focuses on technology (including expanding green technologies and agricultural technology) and entrepreneurial services.
3. That the selection of the Adrian/Tecumseh LDFA as a satellite provides value and support to the LDFA by strengthening existing collaboratives, making available a new/expanded technical assistance and support through its Innovation Center at Adrian College, and agricultural and manufacturing resources; and

RESOLVED, That the City Council of City of Ann Arbor, based on the findings stated in this Resolution and the negotiated terms of the attached Satellite Agreement, which incorporates the proposed Adrian/Tecumseh Executive Summary of its SmartZone Plan, agrees to enter into the Satellite Agreement with the Adrian/Tecumseh LDFA to create a SmartZone Satellite;

RESOLVED, That the Mayor and City Clerk be authorized and directed to execute the Satellite Agreement after approval as to form by the City Attorney; and

RESOLVED, That the City Clerk be directed to provide a copy of this Resolution to the City Council of the City of Ypsilanti, the Ann Arbor/Ypsilanti LDFA and the Adrian/Tecumseh LDFA.