

BERRY ♦ MOORMAN

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Reply to
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November 23, 2010

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RAYMOND H. BERRY
(1891 - 1959)
A.H. MOORMAN
(1914 - 1979)
FREDERICK R. KEYDEL
(1928 - 2005)

JOHN L. KING
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¹ OF COUNSEL

² ALSO AUTHORIZED TO PRACTICE IN
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³ ALSO AUTHORIZED TO PRACTICE IN
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John Hieftje
Mayor
City of Ann Arbor
100 N. Fifth Ave. 48104
Ann Arbor, Michigan 48104

Jacqueline Beaudry
City Clerk
City of Ann Arbor
100 N Fifth Avenue
Ann Arbor, Michigan 48104

Tom Crawford
Chief Financial Officer
City of Ann Arbor
100 N. Fifth Avenue
Ann Arbor, Michigan 48104

Roger W. Fraser
City Administrator
City of Ann Arbor
100 N. Fifth Avenue
Ann Arbor, MI 48104

Re: Economic Development Corporation of the City of Ann Arbor

Ladies and Gentlemen:

Please find enclosed the 2010 Annual Report of The Economic Development Corporation of the City of Ann Arbor.

In the event of any questions or desire for additional information or documents, please don't hesitate to contact the undersigned at the convenience of the inquiring party.

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CITY OF ANN ARBOR
CITY CLERK
REC'D

BERRY • MOORMAN
November 23, 2010
Page 2

Respectfully submitted,


Peter A. Long, Esq., Counsel to the Corporation



Economic Development
Corporation

CITY OF ANN ARBOR, MICHIGAN

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

2010 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 the Glacier Hills retirement center.

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 have been removed for so-called Recovery Zone Facility ("RZF") bonds. Under this legislation the City may authorize the EDC to issue up to seventeen million dollars of RZF bonds for a broad range of uses not permitted since 1986. In order to utilize these bonds, they must close not later than December 31, 2010. While serious interest has been expressed by several potential users, no applications have been received and it appears unlikely that any of the EDC's RZF bonding authority will be utilized before that date.

On November 15, a closing was held on the issuance of the EDC's \$14,000,000 Glacier Hills 2010 limited obligation revenue bonds. The proceeds of the bonds will be 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

THE ECONOMIC DEVELOPMENT CORPORATION
OF THE CITY OF ANN ARBOR

Balance Sheet

November 1, 2010

ASSETS

Bank of Ann Arbor (0100012905)	\$1,187.51
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LIABILITIES AND ENTITY CAPITAL

Liabilities	none
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Entity Capital	\$1,187.51
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TOTAL	\$1,187.51
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