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October 17, 2007

John Hieftje, Mayor
Ms Jacqueline Beaudry, City Clerk
Roger Fraser, City Administrator
City of Ann Arbor
City Hall
100 North Fifth Avenue
Ann Arbor, MI 48104

Re: The Economic Development Corporation of the City of Ann Arbor ("EDC/AA")

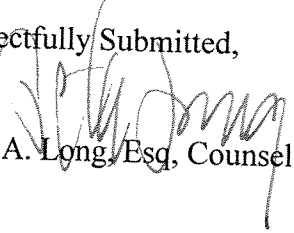
Dear Mayor Hieftje, Ms Beaudry and Mr Fraser:

Attached are the 2007 Annual Report and balance sheet of the EDC/AA.

Please distribute to City Council members and City staff as deemed appropriate.

Should you, Council members or staff have any questions, please contact the undersigned.

Respectfully Submitted,


Peter A. Long, Esq, Counsel

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CITY OF ANN ARBOR



CITY OF ANN ARBOR, MICHIGAN

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

Economic Development
Corporation

2007 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 bonds. These are purchased by the entity or individuals actually making the loan with the proceeds 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.

Recent projects include the Ann Arbor YMCA facility where the proceeds of the bond were being used to assist in financing the construction, furnishing and equipping of its new recreational, child care and fitness facility on West Huron.

Because of significant changes in Federal tax law since 1986, the use of tax-exempt private activity financing has been substantially reduced. It is now essentially limited to manufacturing facilities and certain non-profit entities. It is anticipated that this trend toward reduced activity will continue in the foreseeable future.

In addition to its bond-issuing activity, the EDC has made a number of grants for various economic development-related activities. These have included two grants totaling \$80,000. One was for \$50,000 to the Center for Empowerment and Economic Development. The purpose of the grant was to create a microloan program whereby small business start-up loans will be made primarily to women- and minority-owned businesses. The other grant was in the amount of \$30,000 to Ann Arbor SPARK, the non-profit corporation engaged in economic development in the Ann Arbor area. Its grant is to be used primarily to attract and retain outstanding technology and business talent to the area.

In past years the EDC has also made grants to the Washtenaw Development Council, the Chamber Innovation Center, the Ann Arbor Summer Festival and the Michigan Technology Council as well as expended sums for the preparation of various promotional materials about the Ann Arbor area. In 1987 and 1988, the EDC disbursed funds to several local non-profit agencies and start-up businesses pursuant to two special grants programs.

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 Long, Baker & Stringer LLP, Counsel to the EDC, at Suite 100, 320 North Main Street, Ann Arbor, Michigan 48104 (734/663-8111).

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 as-required basis. Meeting notices are posted in advance at City Hall and all EDC meetings are open to the public.

Fred Beal, Vice-President and Director
Dan Blakemore, Secretary and Director
Thomas Crawford, Treasurer and Director
Roger Fraser, Director
Larry Hahn, Director
Dale Leslie, President and Director
Stephen Lange Ranzini, Director



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Economic Development
Corporation

THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF ANN ARBOR

Balance Sheet

October 1, 2007

ASSETS

Bank of Ann Arbor (0100012905)	\$8,106.16
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LIABILITIES AND ENTITY AND CAPITAL

Liabilities	none
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Entity Capital	<u>\$8,106.16</u>
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Total	<u>\$8,106.16</u>
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