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November 9, 2017

Chris Taylor, Mayor
City of Ann Arbor
301 East Huron
Ann Arbor, Michigan 48104

Jacqueline Beaudry, City Clerk
City of Ann Arbor
301 East Huron
Ann Arbor, Michigan 48104

Tom Crawford, Chief Financial Officer
City of Ann Arbor
301 East Huron
Ann Arbor, Michigan 48104

Howard Lazarus, City Administrator
City of Ann Arbor
301 East Huron
Ann Arbor, MI 48104

Re: Economic Development Corporation of the City of Ann Arbor

Ladies and Gentlemen:

Please find enclosed the 2017 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.

Respectfully submitted,

Peter A. Long, Esq., Counsel

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CITY OF ANN ARBOR
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THE ECONOMIC DEVELOPMENT CORPORATION OF
THE CITY OF ANN ARBOR

2017 Annual Report

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 and non-profit entities which provide employment and which are beneficial to the populace, the economy and the environment of Ann Arbor.

The EDC isn't a lending institution but its use permits substantial savings on the costs of a loan. It does so by its issuance of tax-exempt private activity and non-profit revenue bonds. These are purchased by the lender with the proceeds disbursed in essentially the same manner as a conventional commercial mortgage loan. Because the interest received by the lender is tax exempt, it permits the interest rate to be reduced accordingly.

The EDC Board of Directors reviews applications for its bonds and then 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. For the utilization of its bond financing, the EDC charges applicants a filing fee of \$650 plus a project completion fee of one-quarter to one-half percent of the principal amount of the bond due at closing.

Because of significant changes in Federal tax law since 1986, the use of tax-exempt revenue bond financing has been substantially reduced, now limited primarily to manufacturing and non-profit projects. In 2017 the EDC assisted Glacier Hills, Inc. through its issuance of its Series 2017 bonds to effect certain amendments to its earlier Series 2014 limited obligation revenue bonds.

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 also remains receptive to ideas of how it may provide additional economic development services of benefit to the City but which do not otherwise duplicate those being provided by other agencies.

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 and all EDC meetings are open to the public.

For further information, contact the office of the Mayor at City Hall or Peter A. Long, Of Counsel, with the Mitzel Law Group PLC law firm, 900 Victors Way, Suite 300, Ann Arbor, Michigan 48108 (phone: 734.668.4095; email: palong@mitzellaw.com).

James C. Adams, Director

Tom Crawford, Director

Larry Eiler, Director

Howard Lazarus, Director

Dale Leslie, Director

Tim Marshall, Director

Jan McDermott, Director

Henry McQueen, Director

Stephen Lange Ranzini, Director