



May 6, 2014

Ms. Roselyn Zator
Michigan Economic Development Corporation
300 North Washington Square
Lansing, MI 48913

RE: Midland SmartZone Request for Final Designation

Dear Ms. Zator:

Pursuant to your letter of March 26, 2013, and the extension letter dated December 27, 2013, we are pleased to provide the following update on conditions for final designation for the Midland SmartZone.

- A commitment of at least a minimum of \$200,000 in annual support for the SmartZone. Letters of commitment demonstrating this support will be required.
 - Status: Complete
 - Midland Tomorrow has received commitments of \$100,000 from area foundations for years 1 through 5 totaling \$500,000. See TIF Appendix for specific letters
 - On March 20, 2013 the Midland Tomorrow Board of Directors unanimously approved contributing \$100,000 per year for years 1 through 5 from Midland Tomorrow's operating budget.
- Creation of an advisory board or steering committee representing key regional organizations submitted by your office for approval by the MEDC.
 - Status: Advisory Board established pending MEDC approval via this letter.
 - Dr. James Plonka, CEO, Michigan Molecular Institute
 - Ken Kousky, CEO, Mid-Michigan Innovation Center
 - Lindsay Aspegren, General Partner, NorthCoast Technology Advisors
 - MEDC Delegate
 - Scott Walker, CEO, Midland Tomorrow
 - Chairperson: Carol Miller, Director, Midland SmartZone
 - Initial meeting being scheduled for mid-June.
- Identify an executive director that will be hired by your organization pending execution of a formal agreement for designation of the SmartZone. MEDC shall have input in the decision.
 - Status: Complete
 - Carol Miller has accepted the position of Midland SmartZone Director with approval received by the MEDC on March 31, 2014

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A Private Non-Profit Economic Development Corporation

- Completion of a tax increment financing plan (“TIFP”) that includes local TIF capture if the state school TIF is requested. The local TIF shall exist through the same timeframe as the school TIF.
 - Status: Complete
 - We have secured a commitment from the City of Midland to include local capture.
 - We have received approval from the MEDC for the proposed capture.
 - The TIF Plan was approved by the LDFA Board on March 20th and subsequently approved by Midland City Council on April 28, 2014. The TIF Plan is attached including resolutions from the LDFA and the City of Midland.

In summary, Midland Tomorrow will establish the Midland SmartZone to foster three dynamic programs that will lead to economic growth for Midland and the Great Lakes Bay Region of Michigan. Based on Midland’s strength of innovation in the chemical and advanced materials sectors, Midland Tomorrow will work with Michigan Molecular Institute (MMI), MidMichigan Innovation Center (MMIC), NorthCoast Technology Advisors and other entities with focus on three main program areas: Soft Landing Zone for Foreign Direct Investment, High Technology New Business Incubation and Acceleration, and Second Stage Company Support.

These programs will provide economic growth and diversity to Midland’s employment base by bringing high technology entrants to the industry sector and working with existing manufacturing and technology businesses to develop their strategy for growth.

Using December 31, 2012 as baseline, the Midland SmartZone proposes to use local capture of \$459,589 and state school capture of \$9,839,622 for a total of \$10.3 million for 15 years to deliver the above programs.

The Midland SmartZone expects to receive \$3.5 million from other sources including the City of Midland, grants/donations, and in-kind support.

The SmartZone is forecasted to create 1,600 jobs over the 15 years.

We are eager to launch implementation of this exciting path for accelerated economic development in Midland. Please let us know if you require anything further to obtain ratification from the STATE TREASURER to permit school tax capture.

Thank you very much.

Sincerely,



Scott Walker
Chief Executive Officer

Attachments

TAX INCREMENT FINANCING PLAN AND DEVELOPMENT PLAN

FOR THE SMARTZONE OF THE CITY OF MIDLAND

March 2014

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**LOCAL DEVELOPMENT FINANCE AUTHORITY OF THE
CITY OF MIDLAND
COUNTY OF MIDLAND
STATE OF MICHIGAN**

**TAX INCREMENT FINANCING AND DEVELOPMENT PLAN
FOR THE MIDLAND SMARTZONE**

Section I. Introduction

On March 26, 2013, the Michigan Economic Development Corporation ("MEDC") conditionally approved the SmartZone designation for the City of Midland. The SmartZone facilitates the capture of certain taxes for use by a Local Development Finance Authority ("LDFA") to create or promote the development and attraction of high technology activities to the designated SmartZone. The legislation allows the captured funds to be used to develop high technology business incubators, improve property, and market the area to attract high tech businesses.

Pursuant to Act 281 of 1986, the Midland Local Development Finance Authority was established in 1999 with the operating purpose to eliminate the causes of unemployment, underemployment and joblessness and to promote economic growth in the City. Currently, the LDFA board members consist of John Bartos (Retired CEO of Three Rivers Construction), David Dunn (President and CEO of Wolverine BANCORP), David Ramaker (CEO of Chemical Financial Corporation), Jenee Velasquez (Executive Director of the Herbert H. and Grace A. Dow Foundation), Sid Allen (retired CEO of the Midland Area Chamber of Commerce), Rebecca Cox (President, Savant Inc.), Rich Wells (Dow Vice President and Site Director for Michigan Operations), Mike Sharrow (Superintendent, Midland Public Schools), Linda Cline (Administration, Midland Public Schools), Bridgette Gransden (Administrator/Controller, Midland County), and Jean Goodnow (Delta College).

This Tax Increment Financing Plan ("TIFP") provides a summary of the methods that will be used to fund the SmartZone programs. As outlined in the TIFP, funding for projects will be generated through tax increment financing ("TIF"), grants, local cooperation, and other funding eligible under Section 10 of PA 281.

This TIF Plan will capture a portion of the incremental increase in the City of Midland tax millage. The local capture being proposed is limited to a 14 acre area and will be used for infrastructure only. These infrastructure improvements would otherwise be paid for by the City of Midland using other revenue sources. The majority of the tax capture outlined in this TIF Plan will come from capturing 50% of the state education tax above baseline values as of December 31, 2012. In turn, the public schools are held harmless in their annual per pupil funding from the State of Michigan.

Midland Tomorrow will establish the Midland SmartZone to foster three dynamic programs that will lead to economic growth for Midland and the Great Lakes Bay Region of Michigan. Based on Midland's strength of innovation in the chemical and advanced materials sectors, Midland Tomorrow will work with Michigan Molecular Institute (MMI), MidMichigan Innovation Center (MMIC), North Coast Technology Investors, and other entities with focus on three main program areas: Soft Landing Zone for Foreign Direct Investment, New Business Incubation and Acceleration, and Second Stage Company Support. These programs will provide economic development growth and diversity to Midland's

employment base by bringing high technology entrants to the industry sector and working with existing manufacturing and technology businesses to develop their strategy.

The Soft Landing Zone for Foreign Direct Investment program will seek to lower and eliminate the barriers that deter high technology foreign firms from starting up enterprises and developing manufacturing facilities in Midland. The Soft Landing Zone will assist foreign investors with needs such as providing key market intelligence, application, product development, business models, financial plans, legal support, visa application support, in country travel concierge and community tours. The program will also provide a one-stop point of contact for all siting and permitting needs and making critical introductions to supply chain partners, customers, state and local business leaders, and elected officials. Michigan Molecular Institute has an extensive capability to identify and attract foreign firms seeking to build a business in the United States and will provide significant support to Midland Tomorrow in this program area. The Soft Landing Zone for Foreign Direct Investment program was catalyzed based on the work done with Eco Research Institute Ltd. ("ERI") in Tokyo, Japan. Starting in 2010, ERI was looking for a way to penetrate the U.S. market. With Midland Tomorrow's assistance, they partnered with MMI. As a result of this collaboration, Eco Bio Plastics Midland ("EBP") was formed. EBP invested \$10 million in a 38,000 square foot demonstration plant. It is forecasted to make 100 million pounds annually of advanced "green" materials from recycled industrial waste paper and employ 30 people.

Midland Tomorrow will subcontract the New Business Incubation and Acceleration program to the MidMichigan Innovation Center, with support from North Coast Technology Investors, or other entities as needed; those entities will provide high technology businesses with focused support on the main concerns of entrepreneurs: access to capital, access to talent, and accelerated commercialization. The New Business Incubation and Acceleration program will assist clients by addressing these issues in their business model. The program will also provide regular training and networking events, one-on-one coaching, and mentoring. In addition, the incubator will have an on-line platform for delivering a base set of curriculum focused on these main areas and subtopics such as intellectual property, contract negotiations, and employee compensation. The platform provides the basis for tracking milestones and development goals for members at all levels of growth.

The Second Stage Company Support program focuses on high technology companies that are ready to grow. Midland Tomorrow will carry out the Economic Gardening effort through its Second Stage Support Services Model which is comprised of entities in Midland and throughout the region that provide sophisticated corporate level tools. The model is a diversified range of corporate level services aimed at accelerating and growing second stage companies. These services develop strategies in areas such as: CEO leadership, core strategy, innovation, marketing intelligence, new business development and commercialization, supply chain consultation, human resources, financial control and performance, and cash flow management. The Second Stage Company Support program will complement the MEDC's Statewide Pure Michigan Business Connect services and the National Economic Gardening Center at the Edward Lowe Foundation. The Savant Group has successfully utilized a number of the economic gardening tools since they were launched in 2006. These tools have proven beneficial to Savant and will continue to serve the company as it grows. In 2013, the company increased their workforce by 30% and made a \$3 million investment in expanding their existing facilities.

Midland Tomorrow will organize the SmartZone with a flexible management structure that will meet all of the program's business needs while ensuring strict accountability for performance and financial controls. Midland Tomorrow will coordinate the SmartZone programs with its subcontractors and the Midland LDFA .

Revenue will be generated through mechanisms such as tax capture, grants, in-kind contributions, and donations. It is estimated that the overall cost of implementing this plan for the 15 years will be approximately \$13.6M (excluding pre-plan expenses). The anticipated revenue is approximately \$13.8M (excluding pre-plan revenue), which includes \$10.3M from captured SET and local tax increments and \$3.5M from other sources including the City, grants/donations, and in-kind support. In addition, preplan revenue (\$3.6M) and preplan expenses (approximately \$3.4M) are expected to be incurred. [Table 1](#) details the anticipated revenue contributions; the letters of support for the committed grants are included in [Appendix C](#).

Table 1. Anticipated Non-Tax Capture Revenue.

Source	Type	Term	Amount	Status
The Herbert H. & Grace A. Dow Foundation	Grant	2013-2017	\$250,000	Committed
The Charles J. Strosacker Foundation	Grant	2013-2017	\$125,000	Committed
Rollin M. Gerstacker Foundation	Grant	2013-2017	\$125,000	Committed
Midland Tomorrow	Cash	2013-2017	\$500,000	Committed
Michigan Molecular Institute	In-Kind	2013-2028	\$41,172	Committed
Client Income	Cash	2013-2029	\$603,000	Not Committed
Other Grant Revenue for Real Property Development	Grant	2018-2028	\$2,000,000	Not Committed

Section II. Tax Increment Financing Plan Under PA 281 of 1986

This TIFP will authorize the capture of certain tax increment revenues by the LDFA for purposes of funding the elements included in the plan. PA 281 of 1986, as amended, establishes and defines the activities that may be undertaken within such a plan. The Midland SmartZone TIFP follows the statutory requirements of PA 281, specifically Section 12(1)(a) through (l) as stated below.

- (1) If the board determines that it is necessary for the achievement of the purposes of this act, the board shall prepare and submit a Tax Increment Financing Plan to the governing body. The plan shall be in compliance with PA 281, Section 13 and shall include a Development Plan as provided in Section 15. The plan shall also contain the following:
 - (a) A statement of the reasons that the plan will result in the development of captured assessed value that could not otherwise be expected. The reasons may include, but are not limited to, activities of the municipality, authority, or others undertaken before formulation or adoption of the plan in reasonable anticipation that the objectives of the plan would be achieved by some means.
 - (b) An estimate of the captured assessed value for each year of the plan. The plan may provide for the use of part or all of the captured assessed value or, subject to subsection (3), of the tax increment revenues attributable to the levy of any taxing jurisdiction, but the portion intended to be used shall be clearly stated in the plan. The board or the municipality creating the authority may exclude from captured assessed value a percentage of captured assessed value as specified in the plan or growth in property value resulting solely from inflation. If excluded, the plan shall set forth the method for excluding growth in property value resulting solely from inflation.

- (c) The estimated tax increment revenues for each year of the plan.
- (d) A detailed explanation of the tax increment procedure.
- (e) The maximum amount of note or bonded indebtedness to be incurred, if any.
- (f) The amount of operating and planning expenditures of the authority and municipality, the amount of advances extended by or indebtedness incurred by the municipality, and the amount of advances by others to be repaid from tax increment revenues.
- (g) The costs of the plan anticipated to be paid from tax increment revenues as received.
- (h) The duration of the Development Plan and the tax increment plan.
- (i) An estimate of the impact of tax increment financing on the revenues of all taxing jurisdictions in which the eligible property is or is anticipated to be located.
- (j) A legal description of the eligible property to which the Tax Increment Financing Plan applies or shall apply upon qualification as eligible property.
- (k) An estimate of the number of jobs to be created as a result of implementation of the tax increment financing plan.
- (l) The proposed boundaries of a certified technology park to be created under an agreement proposed to be entered into pursuant to section 12a, or of a certified alternative energy park to be created under an agreement proposed to be entered into pursuant to section 12c, or of a next Michigan development area designated under section 12e, an identification of the real property within the certified technology park, the certified alternative energy park, or the next Michigan development area to be included in the Tax Increment Financing Plan for purposes of determining tax increment revenues, and whether personal property located in the certified technology park, the certified alternative energy park, or the next Michigan development area is exempt from determining tax increment revenues.

The response to PA 281 of 1986, as amended Section 12 (1) (a) through (l) are addressed here:

(1)(a) Reason Captured Assessed Value Would not be Expected without the TIFP

Midland Tomorrow will establish a robust program that will fund new and successful economic development functions. The collaboration will build on and strengthen Midland's base of leadership and innovation in the chemical and advanced materials sectors. The resulting economic development will diversify Midland's employment base with new high technology entrants to the industry sector, strengthen the potential job market, attract talented people, and increase the retention of Midland's highly educated workforce.

The economic make up of Midland is such that manufacturing can drive the growth of the regional economy. Midland and the surrounding region have a strong expertise in chemical manufacturing and scale up that yields a unique competitive advantage. Midland Tomorrow and its subcontractors will leverage this expertise to renew and grow the industrial base. The team will use a community based

approach to focus on three programs: Second Stage Company Support/Economic Gardening, Soft Landing Zone for Foreign Direct Investment, and High Technology Business Incubation and Acceleration. The Second Stage Company Support/Economic Gardening program will focus on entities in Midland that have an opportunity to grow. It will complement the MEDC's Business Connect Services and the National Economic Gardening Center by providing a diversified range of corporate level services aimed at accelerating and growing second stage high technology companies. Midland Tomorrow will collaborate with the Michigan Molecular Institute for the Soft Landing Zone for Foreign Direct Investment program. This program will seek to lower and eliminate barriers that deter high technology foreign firms from starting up in the region. For the third program, High Technology Business Incubator and Acceleration, Midland Tomorrow will collaborate with the MidMichigan Innovation Center for Incubation services. The program will provide high tech businesses with focused support on the main issues of concern for entrepreneurs: access to capital, access to talent, and accelerated commercialization. MMI and MMIC are within the boundaries of the Certified Technology Park.

The Midland LDFA may capture 50% of the operating levies of the State Education Tax for any increases in the assessed value within the SmartZone boundaries. The captured taxes would support these programs and build the industrial base of the community. In addition, a specific area within the SmartZone has been designated for capture of the City of Midland's tax millage. This area is expected to be the initial focus of development and the majority of it is vacant and ready to be developed. It is not our intent to capture other local or other school taxes; the City and County contribute to Midland Tomorrow through contributions from their general operations at a rate of \$250,000-\$300,000 per year. The current administration of those entities is disinclined to use LDFA tax capture beyond the designated parcels (see [Appendix B](#) for maps and descriptions of the Smartzone and local tax capture boundaries).

(1)(b) and (c) Estimate of the Captured Assessed Value and Tax Increment Revenues

The base year of this plan is 2013. Beginning in 2014, the Midland LDFA will capture 50% of the State Education Tax operating levies on all new and incremental growth from the initial assessed value on the parcels within the SmartZone boundary. This value is determined on the basis of assessments as of December 31, 2012. The assessment roll of the parcels and values that make up the base is attached separately.

Table 2 shows the estimated dollar amounts of Captured State Education Tax Increment Revenue to be realized. These revenue estimates are based upon changes or adjustments in base-year real, turbine, expiring IFT, and expiring renaissance zone property. A 1% growth rate in real property (except for some industry parcels and renaissance zone parcels) was assumed. The annual tax capture will be capped so that the overall SET capture does not exceed the total local capture for the area. This cap impacts years 10-15 of the program.

Table 2. Estimated SET Captured Tax Increment Revenue

Program Year	Fiscal Year	Real, Turbine & RenZone Property Taxable Value*	Incremental Value	SmartZone State Tax Captured** (50% of 6 mills)
	Base	\$ 517,136,563	Base	
1	5/14-4/15	\$ 524,976,362	\$ 7,839,799	\$ 23,519
2	5/15-4/16	\$ 527,186,991	\$ 10,050,428	\$ 140,007
3	5/16-4/17	\$ 532,100,514	\$ 14,963,951	\$ 262,360
4	5/17-4/18	\$ 536,863,897	\$ 19,727,334	\$ 274,407
5	5/18-4/19	\$ 540,839,512	\$ 23,702,949	\$ 284,093
6	5/19-4/20	\$ 546,423,635	\$ 29,287,072	\$ 341,815
7	5/20-4/21	\$ 552,430,448	\$ 35,293,885	\$ 399,886
8	5/21-4/22	\$ 559,150,535	\$ 42,013,972	\$ 416,885
9	5/22-4/23	\$ 564,248,989	\$ 47,112,426	\$ 588,217
10	5/23-4/24	\$ 565,504,403	\$ 48,367,840	\$ 1,126,033
11	5/24-4/25	\$ 571,770,781	\$ 54,634,218	\$ 1,148,555
12	5/25-4/26	\$ 576,288,125	\$ 59,151,562	\$ 1,171,296
13	5/26-4/27	\$ 581,528,449	\$ 64,391,886	\$ 1,194,258
14	5/27-4/28	\$ 586,816,466	\$ 69,679,903	\$ 1,217,441
15	5/28-4/29	\$ 592,154,099	\$ 75,017,536	\$ 1,240,852
	Total			\$ 9,829,622

*Assumes an annual 1% increase in real property - except for some industrial parcels and renaissance zone property

**Reflects cap on SET so overall state capture does not exceed overall local capture for the area (years 10-15)

Local tax increment will be captured from the western properties donated by Dow Chemical and a few surrounding parcels. The properties total approximately 14 acres. The plan's baseline total taxable value of these properties is \$505,804. Demolition of homes on these properties has already occurred and it is anticipated that this area will be developed in the first part of the SmartZone plan. The local tax capture is expected to be minimal until the fourth year of the program because many parcels in this area have an assessed taxable value of zero; the taxable value increases to these parcels is not anticipated until the site development takes place. [Table 3](#) shows the estimated dollar amounts of Captured Local Tax Increment Revenue that is anticipated to be realized under this plan. See the map in [Appendix B](#) for further details of the local tax capture area. The city is also capturing taxes through other plans (DDAs, BRA and TIFA Districts). It is anticipated that the amount of state school taxes captured by all TIFs in the city shall not exceed the amount of city and county taxes captured in those plans.

Table 3. Estimated SmartZone Local Capture Tax Increment Revenue

Program Year	Fiscal Year	Local Real Property TV	Local Captured Value	Total Local Capture (14.8 mills)
	Base	\$ 505,804		
1	5/14-4/15	\$ 510,862	\$ 5,058	\$ 75
2	5/15-4/16	\$ 515,971	\$ 10,167	\$ 150
3	5/16-4/17	\$ 521,130	\$ 15,326	\$ 227
4	5/17-4/18	\$ 2,026,342	\$ 1,520,538	\$ 22,504
5	5/18-4/19	\$ 3,031,605	\$ 2,525,801	\$ 37,382
6	5/19-4/20	\$ 3,061,921	\$ 2,556,117	\$ 37,831
7	5/20-4/21	\$ 3,092,540	\$ 2,586,736	\$ 38,284
8	5/21-4/22	\$ 3,123,466	\$ 2,617,662	\$ 38,741
9	5/22-4/23	\$ 3,154,700	\$ 2,648,896	\$ 39,204
10	5/23-4/24	\$ 3,186,247	\$ 2,680,443	\$ 39,671
11	5/24-4/25	\$ 3,218,110	\$ 2,712,306	\$ 40,142
12	5/25-4/26	\$ 3,250,291	\$ 2,744,487	\$ 40,618
13	5/26-4/27	\$ 3,282,794	\$ 2,776,990	\$ 41,099
14	5/27-4/28	\$ 3,315,622	\$ 2,809,818	\$ 41,585
15	5/28-4/29	\$ 3,348,778	\$ 2,842,974	\$ 42,076
	Total			\$ 459,589

(1)(d) Tax Increment Procedure

Tax increment financing allows a local government, through an authority such as the LDFA, to finance public improvements and economic development by capturing the property taxes levied on any increase in property values within that district. Under a TIF plan, a base year is established for the development district, resulting in an "Initial Assessed Value".

In subsequent years, any increase in assessment above the base year level is referred to as the "Captured Assessed Value." Property taxes levied on the taxable value of all real, industrial personal property turbines, expiring IFT, and expiring renaissance zone parcels within the Midland SmartZone boundary is diverted, or "captured" for use in carrying out the adopted Development Plan. The tax increments that will be captured will be governed by the amount of mills applied to the different classes of property.

For purposes of this TIF plan, the initial assessed value of all real, turbine, and renaissance zone real property in the LDFA district was established as of December 31, 2012. The total assessed value, as of that date, was \$517,136,563. Increases in assessed values of properties within the development district that result in the generation of tax increment revenue can be attributable to any of the following sources:

- New construction occurring after the date establishing the "initial assessed value".

- Construction of new rehabilitation, remodeling alterations, or additions occurring after the date establishing the "initial assessed value."
- Expiring IFT
- Increases in property values which occur for any other reason.

Approval of the TIF and Development Plans must be obtained following the notice, hearing and disclosure provisions. The City Council shall hold a public hearing on the plans and shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to express their views and recommendations. The LDFA shall fully inform the taxing jurisdictions about the fiscal and economic implications of the proposed plans. The taxing jurisdictions may present their recommendations at the public hearing. Notice of the time and place of the City Council's public hearing shall be published twice in a newspaper of general circulation in the city, the first of which shall not be less than 20 days before the date set for the hearing. At the public hearing, the City Council shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference to the TIF and Development Plans. The City Council shall make and preserve a record of the public hearing, including data presented at that time. The City Council shall determine whether the plans constitute a public purpose and shall approve, reject, or modify the plans. Once the plans are approved by the City Council, they will be reviewed and approved by the MEDC and the State Treasurer.

This plan may be amended upon approval of the City Council following the same notice and public hearing process as required for approval or rejection of an original plan except if the amendment is for revisions in estimates for captured assessed value and tax increment revenue.

(1)(e) Note or Bonded Indebtedness

Subject to the requirements and restriction of state law, an LDFA may participate in the authorization, issuance and sale of notes or bonds. The Midland LDFA does not anticipate issuing any bonded indebtedness and expects to finance programs on a pay-as-you-go basis. A decision to issue notes or bonds would require an amendment to this plan.

(1)(f) Amount of Operating & Planning Expenditures

The breakdown of estimated expenditures for each year of the TIF plan is attached in [Appendix A](#). These expenditures are currently expected to consist of funding a SmartZone director, property/site development, minor infrastructure improvements, marketing, attraction, support services, and general expenses for Midland Tomorrow to manage the SmartZone programs. Additional expenditures may be deemed necessary and will be reviewed with the LDFA Board as appropriate.

(1)(g) Cost of Plan Anticipated to be paid from TIF Revenue

[Appendix A](#) details the cash flow projections for tax increment revenue and anticipated expenditures for the duration of the plan. Revenue will be generated through mechanisms such as tax capture, grants, in-kind contributions, and donations. It is estimated that the overall cost of implementing this plan for the 15 years will be approximately \$13.6M (excluding pre-plan expenses). The anticipated revenue is approximately \$13.8M (excluding pre-plan revenue). The revenue will consist of \$10.3M from captured SET and local tax increments and \$3.5M from other sources including grants, donations, and in-kind support. Any income generated above the expenditures will be reinvested in the program.

(1)(h) Duration of the Plan

The anticipated duration of the SmartZone Development and Tax Increment Finance Plans is the fifteen (15) year maximum allowed by PA 281, as amended. The plans are expected to expire in 2029.

(1)(i) Impact of TIF on Revenues of Taxing Jurisdictions

Table 4 provides an estimate of the impact of the TIF plan on the revenues of the taxing jurisdiction that levy taxes in the LDFA district. The SET captured under this plan will be capped so that the overall state capture does not exceed local capture for the area (including DDA, SCI and Brownfield plans). Local capture has been set up for an area targeted for redevelopment. This area consists mainly of property donated by Dow Chemical; the homes on the donated properties were demolished in 2013. The property donations and demolition expenses are categorized as pre-plan activities and are not included in the table below.

Table 4. Revenues of the Taxing Jurisdictions in the LDFA District.

Program Year	Fiscal Year	Real, Turbine & RenZone Property Taxable Value*	Incremental Value	SmartZone State Tax Captured** (50% of 6 mills)	Total Local Capture (14.8 mills)	SmartZone Total Tax Captured (State and Local)
	Base	\$ 517,136,563	Base			
1	5/14-4/15	\$ 524,976,362	\$ 7,839,799	\$ 23,519	\$ 75	\$ 23,594
2	5/15-4/16	\$ 527,186,991	\$10,050,428	\$ 140,007	\$ 150	\$ 140,158
3	5/16-4/17	\$ 532,100,514	\$14,963,951	\$ 262,360	\$ 227	\$ 262,587
4	5/17-4/18	\$ 536,863,897	\$19,727,334	\$ 274,407	\$ 22,504	\$ 296,911
5	5/18-4/19	\$ 540,839,512	\$23,702,949	\$ 284,093	\$ 37,382	\$ 321,475
6	5/19-4/20	\$ 546,423,635	\$29,287,072	\$ 341,815	\$ 37,831	\$ 379,646
7	5/20-4/21	\$ 552,430,448	\$35,293,885	\$ 399,886	\$ 38,284	\$ 438,169
8	5/21-4/22	\$ 559,150,535	\$42,013,972	\$ 416,885	\$ 38,741	\$ 455,626
9	5/22-4/23	\$ 564,248,989	\$47,112,426	\$ 588,217	\$ 39,204	\$ 627,421
10	5/23-4/24	\$ 565,504,403	\$48,367,840	\$ 1,126,033	\$ 39,671	\$ 1,165,703
11	5/24-4/25	\$ 571,770,781	\$54,634,218	\$ 1,148,555	\$ 40,142	\$ 1,188,697
12	5/25-4/26	\$ 576,288,125	\$59,151,562	\$ 1,171,296	\$ 40,618	\$ 1,211,914
13	5/26-4/27	\$ 581,528,449	\$64,391,886	\$ 1,194,258	\$ 41,099	\$ 1,235,357
14	5/27-4/28	\$ 586,816,466	\$69,679,903	\$ 1,217,441	\$ 41,585	\$ 1,259,026
15	5/28-4/29	\$ 592,154,099	\$75,017,536	\$ 1,240,852	\$ 42,076	\$ 1,282,928
	Total			\$ 9,829,622	\$ 459,589	\$ 10,289,211

*Assumes a 1% increase in real property - except for some industrial parcels and expiring renaissance zone parcels.

**Reflects cap on SET so overall state capture does not exceed local capture for the area (years 10-15)

(1)(j) Legal Description of Property to Which the TIFP Applies

The SmartZone district is within the boundaries of the LDFA and the City of Midland. The contiguous area was established to include as much industrial and commercial property within the City of Midland while excluding as many residential parcels as possible. The territory is described in [Appendix B](#).

(1)(k) Jobs Created

The total jobs created due to the SmartZone program is anticipated to be nearly 1,600. As shown in [Table 5](#), job creation starts slowly and ramps up as the program progresses. This estimate is based on historical trends of high technology business start-ups.

Table 5. Jobs Created from the Proposed SmartZone.

	2014	2015	2016	2017	2018-22	2023-28	Total
Foreign Direct Investment Soft Landing Zone	6	30	30	30	200	200	496
Incubator/New Venture Accelerator	10	10	10	10	250	250	540
2nd Stage Support Service	10	10	10	10	250	250	540
Total	26	50	50	50	700	700	1576

(1)(l) Boundaries

The SmartZone district is within the boundaries of the LDFA and the City of Midland. The contiguous area was established to include as much industrial and commercial property within the City of Midland while excluding as many residential parcels as possible. The local tax capture being proposed is limited to an area that is approximately 14 acres. The boundaries of the local capture area and SmartZone are described in [Appendix B](#).

Section III. Development Plan

The presentation of the Development Plan follows the statutory requirements of PA 281, specifically Section 15(2)(a) through (p) as stated below.

- (2) To the extent necessary to accomplish the proposed development program the Development Plan shall contain:
 - (a) A description of the property to which the plan applies in relation to the boundaries of the authority district and a legal description of the property.
 - (b) The designation of boundaries of the property to which the plan applies in relation to highways, streets, or otherwise.
 - (c) The location and extent of existing streets and other public facilities in the vicinity of the property to which the plan applies; the location, character, and extent of the categories of public and private land uses then existing and proposed for the property to which the plan applies, including residential, recreational, commercial, industrial, educational, and other uses.
 - (d) A description of public facilities to be acquired for the property to which the plan applies, a description of any repairs and alterations necessary to make those improvements, and an estimate of the time required for completion of the improvements.
 - (e) The location, extent, character, and estimated cost of the public facilities for the property to which the plan applies, and an estimate of the time required for completion.

- (f) A statement of the construction or stages of construction planned, and the estimated time of completion of each stage.
- (g) A description of any portions of the property to which the plan applies, which the authority desires to sell, donate, exchange, or lease to or from the municipality and the proposed terms.
- (h) A description of desired zoning changes and changes in streets, street levels, intersections, and utilities.
- (i) An estimate of the cost of the public facility or facilities, a statement of the proposed method of financing the public facility or facilities, and the ability of the authority to arrange the financing.
- (j) Designation of the person or persons, natural or corporate, to whom all or a portion of the public facility or facilities is to be leased, sold, or conveyed and for whose benefit the project is being undertaken, if that information is available to the authority.
- (k) The procedures for bidding for the leasing, purchasing, or conveying of all or a portion of the public facility or facilities upon its completion, if there is no express or implied agreement between the authority and persons, natural or corporate, that all or a portion of the development will be leased, sold, or conveyed to those persons.
- (l) Estimates of the number of persons residing on the property to which the plan applies and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a Development Plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.
- (m) A plan for establishing priority for the relocation of persons displaced by the development.
- (n) Provision for the costs of relocating persons displaced by the development, and financial assistance and reimbursement of expenses, including litigation expenses and expenses incident to the transfer of title, in accordance with the standards and provisions of the federal uniform relocation assistance and real property acquisition policies act of 1970, 42 U.S.C. 4601 to 4655.
- (o) A plan for compliance with Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.
- (p) Other material which the authority or governing body considers pertinent.

The response to PA 281 of 1986, as amended Section 15 (2) (a) through (p) are addressed here:

(2)(a) and (b) Property Description and Boundaries

As with the TIF plan, the proposed district is within the boundaries of the LDFA and the City of Midland. The contiguous area was established to include as much industrial and commercial property within the City of Midland while excluding as many residential parcels as possible. The boundaries are described in Appendix B.

(2)(c) Location and Description of Existing Property

The proposed district consists mainly of industrial and commercial properties. In order to keep the boundaries a contiguous area, it was necessary to include some residential parcels. The boundary was shaped irregularly to minimize the number of residential parcels included in the zone. Although some residential parcels are included within the boundaries of the SmartZone, there should be no direct impact on those parcels. (This plan does not anticipate removal or displacement of residents.) See Appendix B for a map of the SmartZone boundaries.

(2)(d) and (e) Public Facilities and Anticipated Improvements

Major public utilities are available to the City of Midland; however, existing sewer and water lines may require updates due to aging or undersized utilities. Private utilities such as electricity, natural gas, telecommunications and internet infrastructure currently exist in varying capacities. The timeline for anticipated infrastructure improvements is detailed in Table 6 below. Minor public infrastructure improvements are planned throughout the duration of the SmartZone. All other public infrastructure improvements will be handled by the City of Midland and will mainly be handled outside of this plan.

Table 6. Estimated Timeline for Site Infrastructure Improvements by the City of Midland

Site Infrastructure Improvements (to be completed outside of the plan)	Project Timeline
Site Development Work	2015 - 2018
- Water Main Replacement	
- Sewer Line Removal/Improvements	
- Roadway Improvements/Modifications	
- Modifications to Signage, Gas, Electric, Design, etc.	
Industrial Property Acquisition and Potential Site Development Work	2019-2028

(2)(f) Planned Construction

As shown in the table above, site infrastructure improvements are planned in program years 2-4. In addition, the budget allows for real property development in years 6-15. This may include acquisition of industrial property, demolition, closing costs, and legal work. Site infrastructure work may be necessary and that work will be determined at the time of the industrial property development. The funding for the industrial property acquisition is not currently planned to come from the tax capture revenue. It is anticipated that this effort will be funded by grants, donations, or other means. To the extent possible, the site infrastructure work will be handled by the City of Midland and will be funded with local tax capture and funding from outside of this plan. Midland Tomorrow will work closely with the city to coordinate efforts between the SmartZone and city development.

(2)(g) Property Sale, Donation, Exchange, or Lease

Industrial acquisition and site infrastructure improvements will be mainly financed with funds other than tax capture. Midland Tomorrow and the City of Midland will work closely together to coordinate these activities. At this time, property sale, donation, exchange, or lease is expected to be handled outside of this plan. If it becomes necessary to incorporate this in the plan, a procedure will be developed and reviewed with the LDFA Board and it will abide by all applicable ordinances and laws.

(2)(h) Desired Zoning, Streets, Intersections, and Utilities Changes

The LDFA district is properly zoned for purposes of implementing this Development Plan and no zoning changes are anticipated for the execution of this TIF Plan. Minimal road and utility improvements are

expected to be necessary. Expenses to replace water mains, remove sewer lines, improve roadways, and make changes to signage, gas, electric, and design are expected throughout the duration of this plan. While these expenditures are anticipated, they will be implemented by the City of Midland and handled mainly outside of the LDFA and this plan. Some funding for these efforts will come from the local tax capture but the balance will be covered by the City outside of the TIFP. It will be at the sole discretion of the City of Midland to determine how public improvements are paid for.

(2)(i) Public Facility Cost

The activities of the LDFA and SmartZone shall be financed from one or more of the following sources:

- Tax Incremental Financing
- Private cooperation in the District
- In-Kind contributions
- Funding received through grants

Major infrastructure improvements are not anticipated. Minor improvements are planned by the City of Midland. These improvements will be closely coordinated with Midland Tomorrow; minor funding will come from local tax capture and the remainder will come from other sources. The City of Midland will determine how to finance public infrastructure improvements outside of the LDFA.

See cash flow details in [Appendix A](#) for more detail on how the proceeds of the SmartZone will be disbursed.

(2)(j)and (2)(k) Lease, Sell, Convey or Transfer Public Facilities

This project is being undertaken for the benefit of the City of Midland as a whole to create jobs and employment opportunities. The taxes captured will be used to stimulate economic development and provide key services to entrepreneurs. If any public facilities are determined to be leased, sold, conveyed, or transferred, Midland Tomorrow will work with the City of Midland to determine a process and fair value with the interest of all parties protected.

(2)(l) through (o) Displaced Residents

There are no immediate plans to remove or relocate residents in the City of Midland; therefore, the Development Plan does not include a process for priority of relocation, costs, or compliance to Michigan laws relevant to the relocation of residents. Industrial property is planned to be acquired in years 6-15. At this time, it is anticipated that the purchases of outdated industrial properties will not come from tax capture revenue; the effort is expected to be funded with grants, donations, or other means.

(2)(p) Other Pertinent Information

The primary goal of this plan is to provide tools and services that will help existing companies grow, foreign firms start up enterprises and develop manufacturing facilities by reducing barriers, and to provide incubator and acceleration support. To facilitate this, Midland Tomorrow will work closely with the City of Midland to coordinate city and SmartZone efforts. The SmartZone is expected to utilize existing privately owned incubator facilities in the city for its programs and operations.

In years 6-11, the fund balance is currently reflecting a negative balance. Midland Tomorrow has identified options to support this and has done preliminary ground work to assure that the cost of the SmartZone can be funded during this period. Additional options will be pursued and Midland Tomorrow will evaluate these so that the programs will be maintained throughout the duration of the plan.

Regular reports will be prepared for the LDFA to ensure the programs developed and offered are fulfilling the goals of renewing and growing the industrial base. In addition, Midland Tomorrow shall meet with the LDFA Board annually to review the plan and make adjustments as necessary. As required, the LDFA shall submit amendments to the Development Plan or TIF Plan to the City Council for review and approval.

APPENDIX A

Profit and Loss Statement/Statement of Cash Flows

Income	Year																	TOTAL (including pre-plan cost)
	2012	1/13-6/14	7/14 - 6/15	7/15 - 6/16	7/16 - 6/17	7/17 - 6/18	7/18 - 6/19	7/19 - 6/20	7/20 - 6/21	7/21 - 6/22	7/22 - 6/23	7/23 - 6/24	7/24 - 6/25	7/25 - 6/26	7/26 - 6/27	7/27 - 6/28	7/28 - 6/29	
Dow Chemical Property Purchase Program ¹	\$ 3,414,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,414,514
Foundation Grants ²	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Midland Tomorrow ³	\$ -	\$ 55,156	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 44,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Other Grant Revenue for Real Property Development ⁴	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 2,000,000
Tax Capture	\$ -	\$ -	\$ 23,594	\$ 140,157	\$ 262,587	\$ 296,911	\$ 321,475	\$ 379,646	\$ 438,170	\$ 455,626	\$ 627,421	\$ 1,165,704	\$ 1,188,697	\$ 1,211,914	\$ 1,235,357	\$ 1,259,026	\$ 1,282,928	\$ 10,289,211
State Tax Capture ⁶	\$ -	\$ -	\$ 23,519	\$ 150,000	\$ 227,000	\$ 22,504	\$ 37,382	\$ 37,831	\$ 38,284	\$ 38,741	\$ 39,204	\$ 39,671	\$ 40,142	\$ 40,618	\$ 41,099	\$ 41,585	\$ 42,076	\$ 459,589
R&D Administration (In-Kind Support) ⁷	\$ -	\$ -	\$ 2,500	\$ 2,554	\$ 2,609	\$ 2,666	\$ 2,723	\$ 2,782	\$ 2,782	\$ 2,782	\$ 2,782	\$ 2,782	\$ 2,842	\$ 2,842	\$ 2,842	\$ 2,842	\$ 2,842	\$ 41,172
Soft Landing Zone Support and Facility Administration	\$ -	\$ -	\$ 2,500	\$ 2,554	\$ 2,609	\$ 2,666	\$ 2,723	\$ 2,782	\$ 2,782	\$ 2,782	\$ 2,782	\$ 2,782	\$ 2,842	\$ 2,842	\$ 2,842	\$ 2,842	\$ 2,842	\$ 41,172
Client Income (est \$3,000 per client) ⁸	\$ -	\$ -	\$ 21,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 603,000
Total Revenue	\$ 3,414,514	\$ 155,156	\$ 247,094	\$ 375,711	\$ 498,196	\$ 532,576	\$ 402,042	\$ 627,428	\$ 685,952	\$ 703,408	\$ 875,203	\$ 1,413,486	\$ 1,436,539	\$ 1,459,756	\$ 1,483,199	\$ 1,506,868	\$ 1,530,770	\$ 17,347,896
Expenses	Year																	TOTAL (including pre-plan cost)
	2012	1/13-6/14	7/14 - 6/15	7/15 - 6/16	7/16 - 6/17	7/17 - 6/18	7/18 - 6/19	7/19 - 6/20	7/20 - 6/21	7/21 - 6/22	7/22 - 6/23	7/23 - 6/24	7/24 - 6/25	7/25 - 6/26	7/26 - 6/27	7/27 - 6/28	7/28 - 6/29	
Real Property Development ⁹	\$ 3,414,514	\$ -	\$ -	\$ -	\$ -	\$ 15,984	\$ 30,784	\$ 274,154	\$ 274,528	\$ 274,905	\$ 297,486	\$ 312,893	\$ 313,654	\$ 314,423	\$ 315,199	\$ 315,984	\$ 316,776	\$ 6,471,283
Residential Property Acquisition	\$ 2,088,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,088,000
Industrial Property Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 2,000,000
Demolition	\$ 720,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 1,070,000
Closing Costs	\$ 144,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 184,000
Legal Work	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 88,000
Site Development Work	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,984	\$ 30,784	\$ 31,154	\$ 31,528	\$ 31,905	\$ 54,486	\$ 69,893	\$ 70,654	\$ 71,423	\$ 72,199	\$ 72,984	\$ 73,776	\$ 626,769
FDI Soft Landing Zone Total¹⁰	\$ -	\$ -	\$ 10,000	\$ 15,324	\$ 40,655	\$ 69,222	\$ 70,717	\$ 72,245	\$ 80,914	\$ 93,051	\$ 107,009	\$ 123,060	\$ 141,519	\$ 162,747	\$ 179,022	\$ 182,888	\$ 186,839	\$ 1,535,211
Program Expenses	\$ -	\$ -	\$ 10,000	\$ 15,324	\$ 40,655	\$ 69,222	\$ 70,717	\$ 72,245	\$ 80,914	\$ 93,051	\$ 107,009	\$ 123,060	\$ 141,519	\$ 162,747	\$ 179,022	\$ 182,888	\$ 186,839	\$ 1,535,211
Midland Incubator ¹¹	\$ -	\$ -	\$ 25,000	\$ 25,540	\$ 51,092	\$ 52,195	\$ 53,323	\$ 54,474	\$ 61,011	\$ 70,163	\$ 102,438	\$ 149,560	\$ 152,790	\$ 156,090	\$ 159,462	\$ 162,906	\$ 166,425	\$ 1,442,470
Program Expenses	\$ -	\$ -	\$ 25,000	\$ 25,540	\$ 51,092	\$ 52,195	\$ 53,323	\$ 54,474	\$ 61,011	\$ 70,163	\$ 102,438	\$ 149,560	\$ 152,790	\$ 156,090	\$ 159,462	\$ 162,906	\$ 166,425	\$ 1,442,470
2nd Stage Support Center ¹²	\$ -	\$ -	\$ 20,000	\$ 34,053	\$ 59,789	\$ 61,080	\$ 62,400	\$ 63,747	\$ 71,397	\$ 82,107	\$ 119,876	\$ 175,019	\$ 201,272	\$ 231,462	\$ 254,609	\$ 260,108	\$ 265,726	\$ 1,962,645
Support Services (3 Companies/year start ramping to 10)	\$ -	\$ -	\$ 20,000	\$ 34,053	\$ 59,789	\$ 61,080	\$ 62,400	\$ 63,747	\$ 71,397	\$ 82,107	\$ 119,876	\$ 175,019	\$ 201,272	\$ 231,462	\$ 254,609	\$ 260,108	\$ 265,726	\$ 1,962,645
General Operations ¹³	\$ -	\$ 27,500	\$ 239,447	\$ 227,314	\$ 287,671	\$ 295,147	\$ 300,128	\$ 318,644	\$ 340,520	\$ 369,965	\$ 389,637	\$ 411,568	\$ 436,080	\$ 463,545	\$ 486,068	\$ 496,022	\$ 506,192	\$ 5,595,449
SmartZone Director	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ 102,160	\$ 104,367	\$ 106,621	\$ 108,924	\$ 111,277	\$ 113,680	\$ 116,136	\$ 118,644	\$ 121,207	\$ 123,825	\$ 126,500	\$ 129,232	\$ 132,024	\$ 1,714,597
Legal	\$ -	\$ 3,500	\$ 38,000	\$ 23,292	\$ 23,796	\$ 24,310	\$ 24,835	\$ 25,371	\$ 25,919	\$ 26,479	\$ 27,051	\$ 27,635	\$ 28,232	\$ 28,842	\$ 29,465	\$ 30,101	\$ 30,752	\$ 417,580
Consulting and Client Services	\$ -	\$ 24,000	\$ 30,000	\$ 30,000	\$ 55,000	\$ 56,188	\$ 57,402	\$ 58,642	\$ 65,679	\$ 75,530	\$ 86,860	\$ 99,889	\$ 114,872	\$ 132,103	\$ 145,313	\$ 148,452	\$ 151,659	\$ 1,331,588
Administration	\$ -	\$ -	\$ 13,283	\$ 14,392	\$ 20,915	\$ 22,745	\$ 21,955	\$ 34,574	\$ 36,555	\$ 39,273	\$ 42,378	\$ 45,930	\$ 49,994	\$ 54,646	\$ 58,256	\$ 59,247	\$ 60,260	\$ 574,403
Facilities	\$ -	\$ -	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 7,200	\$ 108,000
IT and Communications	\$ -	\$ -	\$ 964	\$ 1,349	\$ 1,417	\$ 1,488	\$ 1,562	\$ 1,640	\$ 1,722	\$ 1,808	\$ 1,899	\$ 1,993	\$ 2,093	\$ 2,198	\$ 2,308	\$ 2,423	\$ 2,544	\$ 27,407
Marketing	\$ -	\$ -	\$ 25,000	\$ 25,540	\$ 38,592	\$ 39,425	\$ 40,277	\$ 41,147	\$ 46,084	\$ 52,997	\$ 54,057	\$ 55,138	\$ 56,241	\$ 57,366	\$ 58,513	\$ 59,683	\$ 60,877	\$ 710,937
Attraction	\$ -	\$ -	\$ 25,000	\$ 25,540	\$ 38,592	\$ 39,425	\$ 40,277	\$ 41,147	\$ 46,084	\$ 52,997	\$ 54,057	\$ 55,138	\$ 56,241	\$ 57,366	\$ 58,513	\$ 59,683	\$ 60,877	\$ 710,937
Total Expenses	\$ 3,414,514	\$ 27,500	\$ 294,447	\$ 302,231	\$ 439,206	\$ 493,629	\$ 517,351	\$ 783,265	\$ 828,371	\$ 890,191	\$ 1,016,446	\$ 1,172,100	\$ 1,245,315	\$ 1,328,268	\$ 1,394,359	\$ 1,417,909	\$ 1,441,958	\$ 17,007,058
Net Income	\$ -	\$ 127,656	(\$ 47,353)	\$ 73,479	\$ 58,990	\$ 38,947	(\$ 115,310)	(\$ 155,837)	(\$ 142,419)	(\$ 186,783)	(\$ 141,243)	\$ 241,386	\$ 191,224	\$ 131,488	\$ 88,840	\$ 88,959	\$ 88,812	\$ 340,838

	2012	1/13-6/14	Year 1 7/14 - 6/15	Year 2 7/15 - 6/16	Year 3 7/16 - 6/17	Year 4 7/17 - 6/18	Year 5 7/18 - 6/19	Year 6 7/19 - 6/20	Year 7 7/20 - 6/21	Year 8 7/21 - 6/22	Year 9 7/22 - 6/23	Year 10 7/23 - 6/24	Year 11 7/24 - 6/25	Year 12 7/25 - 6/26	Year 13 7/26 - 6/27	Year 14 7/27 - 6/28	Year 15 7/28 - 6/29	TOTAL
Total Revenue	\$3,414,514	\$155,156	\$247,094	\$375,711	\$498,196	\$532,576	\$402,042	\$627,428	\$685,952	\$703,408	\$875,203	\$1,413,486	\$1,436,539	\$1,459,756	\$1,483,199	\$1,506,868	\$1,530,770	\$ 17,347,896
Total Expenses	\$3,414,514	\$27,500	\$294,447	\$302,231	\$439,206	\$493,629	\$517,351	\$783,265	\$828,371	\$890,191	\$1,016,446	\$1,172,100	\$1,245,315	\$1,328,268	\$1,394,359	\$1,417,909	\$1,441,958	\$ 17,007,058
Net Income	\$0	\$127,656	(\$47,353)	\$73,479	\$58,990	\$38,947	(\$115,310)	(\$155,837)	(\$142,419)	(\$186,783)	(\$141,243)	\$241,386	\$191,224	\$131,488	\$88,840	\$88,959	\$88,812	\$340,838
Fund Balance	\$0	\$127,656	\$80,302	\$153,782	\$212,772	\$251,719	\$136,409	(\$19,428)	(\$161,846)	(\$348,629)	(\$489,872)	(\$248,486)	(\$57,262)	\$74,227	\$163,067	\$252,026	\$340,838	

Explanation of SmartZone program revenues:

¹In 2012, Dow Chemical offered a voluntary property purchase program which impacted properties near it's Michigan Operations Plant. Dow donated this property to Midland Tomorrow and the property is intended to be used to improve the Midland community.

²The Herbert H. and Grace A. Dow Foundation, Strosacker Foundation, and Gerstacker Foundation have committed grants to support the first five years of the SmartZone.

³Midland Tomorrow has committed an overall contribution of \$500,000 to support efforts during the early stages of the SmartZone. Pre-program contributions consist of consulting expenses to establish the plan and acquisition and related expenses for additional property adjacent to the Dow donated property. Contributions in years 1-5 are cash. Although not shown as revenue, Midland Tomorrow will be contributing in-kind effort as well.

⁴Once the SmartZone is operational and existing property becomes developed, fundraising efforts will occur to seek grants or other donations to support additional property acquisition. These funds are not expected to be necessary upfront because there is undeveloped parcels available (ie. Dow Chemical donated property).

⁵Local Tax Capture. Local taxes will be captured from the area designated in Appendix B. Local taxes will not be captured for the entire City of Midland.

⁶State Tax Capture. A cap was placed on the tax capture so that the state capture would not exceed the overall community local tax capture efforts.

⁷MMI in-kind support covers MMI's administrative support and facility cost for their participation in the Soft Landing Zone program.

⁸A nominal fee will be charged to companies participating in the SmartZone programs.

Explanation of SmartZone program expenses:

⁹Estimated expenses for real property development are included beginning in year 6 of the program. Property acquisition of outdated industrial parcels and site development work are anticipated to be funded mainly by private grants, donations, or at the City's expense; not through SET capture. See footnote number 4.

¹⁰FDI Soft Landing Zone program expenses are to cover anticipated outside services such as legal or marketing support.

¹¹Incubator expenses related to high tech business support for MMIC or other entities.

¹²2nd Stage Support Services expense covers the cost of providing corporate tools to develop business strategies in key areas.

¹³General Operations are anticipated expenses to administer the SmartZone program. Expenses include items such as the salary of the SmartZone director along with facility, administration support, IT support, communications, legal services, consulting and client services, marketing, and attraction.

APPENDIX B

Property Description and Map

SmartZone Boundary Legal Description

A parcel of land being in parts of Sections 7, 8, 13, 14, 17, 21, 22, 23, 24, 25, 26, 17, 33, 34, 35, T.14 N.-R.2 E., City of Midland, Midland County Michigan, described as follows: Begin at the point of intersection of Saginaw Road and Orchard Drive, said point being the North 1/4 corner of Section 8; thence Southerly on the North and South 1/4 line of said Section 8, also being the centerline of Orchard Drive, to the East and West 1/4 line of said Section 8, also being the intersection of the said Orchard Drive and West Sugnet Drive; thence Westerly on said East and West 1/4 line, also being said West Sugnet Drive, to the point of intersection of said East and West 1/4 line and the West 1/8 line of said Section 8, also being on said West Sugnet Drive, and a point on the South line of tax parcel 14-08-70-002; thence Northwesterly from said point on said West Sugnet Drive and the South line of tax parcel 14-08-70-002, to the point of intersection with said West Sugnet Drive and McCandless Road, said point also being the Southwest corner of tax parcel 14-08-70-002; thence Northeasterly on said centerline of McCandless Road to the Northerly right-of-way line of West Sugnet Drive; thence Westerly on said North right-of-way line of West Sugnet Drive, to the point of intersection of said Northerly right-of-way line of West Sugnet Drive and the Easterly right-of-way line of West Main Street; thence South-Southeasterly on said Easterly right-of-way line of West Main Street and the Westerly lines of tax parcels 14-07-20-002, 14-07-30-500, 14-08-50-022, Outlot D of Orchard Subdivision (14-17-80-022), Lot 17 of Sturgeon Road Assessor's Plat (14-17-80-026), two portions of Lot 16 of Sturgeon Road Assessor's Plat (14-17-80-032 & 14-17-80-034 respectively), Lot 15 of Sturgeon Road Assessor's Plat (14-17-80-036), Lots 10 and 11, and portions of Lot 12, 13, and 14 of Sturgeon Road Assessor's Plat (14-17-80-046), and portions of Lot 12 & 13 of Sturgeon Road Assessor's Plat (14-17-80-042), to the point of intersection of said Easterly right-of-way line of West Main Street and the Easterly right-of-way line of Orchard Drive; thence Northerly on said Easterly right-of-way line of Orchard Drive, to the point of intersection of said Easterly right-of-way line of Orchard Drive and the Northerly right-of-way line of West St. Andrews Road; thence Westerly on said Northerly right-of-way line of West St. Andrews Road, to the North and South 1/4 line of Section 17, also being Orchard Drive; thence Northerly on said North and South 1/4 line and said Orchard Drive, to the North line of Section 17 and the South line of Section 8, said point being the North 1/4 corner of Section 17 and the South 1/4 corner of Section 8; thence Northerly on the North and South 1/4 of Section 8 and said Orchard Drive, to the point of intersection of said North and South 1/4 line with the Westerly extension of the South line of The Pines Subdivision; thence Easterly on said Westerly extension, to the point of intersection of said Easterly right-of-way line of Orchard Drive and the West line of The Pines Subdivision, said point also being the Southwest corner of Lot 8 of said Subdivision; thence Northerly on said Easterly right-of-way line of Orchard Drive and the West line of said Subdivision to the North line of said Subdivision; thence Westerly on the Westerly extension of the North line of said Subdivision, to a point on said North and South 1/4 line and said Orchard Drive; thence Northerly on said North and South 1/4 line, also being Orchard Drive, to a point on the East and West 1/4 line of Section 8, said point also being on West Sugnet Drive; thence Easterly on said East and West 1/4 line and West Sugnet Drive, to the point of intersection of said East and West 1/4 line and West Sugnet Drive with the Northerly extension of the West line of Sugnet Heights Subdivision; thence Southerly on said Northerly extension, to point on the Southerly right-of-way line of said West Sugnet Drive and the North Line of said Subdivision; thence continuing Southerly on the West line of said Subdivision, to the Southwest corner of said Subdivision; thence Easterly on the South line of said Subdivision, to the point of intersection with said South line and the Westerly right-of-way line of Eastman Avenue, said point being the Southeast corner of said Subdivision; thence continuing Easterly on the Easterly extension of the South line of said Subdivision, to a point on the East line of said Section 8 and Eastman Avenue; thence Southerly on said East line and Eastman Avenue, to a point on the South line of said Section 8, said point being the common corner to Sections 8, 9, 16, 17; thence Southerly on the East line of Section 17 and said Eastman Avenue, to a point on said East line, said point being the intersection of said East line and Eastman Avenue with the Easterly extension of the Northerly line of tax parcel 14-17-20-208; thence Westerly on said Easterly extension, to the intersection of the Westerly right-of-way line of Eastman Avenue with said tax parcel 14-17-20-208; thence Southerly on said Westerly right-of-way line of Eastman Avenue, to a point on said Westerly line, said point being the intersection of said Westerly line with the Northerly right-of-way line of McGregor Street; thence Westerly on said Northerly line of McGregor Street, to the intersection of said Northerly line

with the East line of tax parcel 14-17-20-206; thence Northerly on the East line of said parcel, to the North line of said parcel; thence Westerly on the North line of said parcel, to the intersection of said North parcel line with the East line of tax parcel 14-17-20-204; thence Northerly on the East line of said parcel, to the North line of said parcel; thence Westerly on said North line, to the Northeasterly corner of Park Realty Company's Parkside Addition; thence Westerly on the North line of said Addition, to the Northwest corner of said Addition; thence Southerly on the West line of said Addition, to the Southwest corner of Lot 9 of said Addition and the intersection of the West line of said Addition with the North line of tax parcel 14-17-20-150; thence Westerly on the North line of said parcel, to the Westerly line of said parcel; thence Southerly on the Westerly line of said parcel, to the intersection of said Westerly line with the Southerly line of said parcel; thence Easterly on the Southerly line of said parcel, to the intersection of said Southerly with the Westerly line of tax parcel 14-17-20-142; thence Southerly on the Westerly line of said parcel, to the East and West 1/4 line of Section 17 and the South line of Park Realty Company's Parkside Addition and also the intersection of the Westerly line of said parcel with the Northerly line of tax parcel 14-17-30-332; thence Westerly on the East and West 1/4 line of said Section to the Northwesterly corner of tax parcel 14-17-30-324 and the intersection of said East and West 1/4 line with the Easterly line of Revere Park; thence Southerly on the Easterly line of said Park, to a point on said Easterly line, said point being the intersection with said Easterly line and the Northerly right-of-way line of Revere Street; thence Southwesterly on said Northerly line of Revere Street, to the Southwesterly right-of-way of West Main Street; thence Southeasterly on said Southwesterly line of West Main Street, to the point of intersection of said Southwesterly line of West Main Street with the Southeasterly right-of-way line of Currie Parkway; thence Southwesterly on said Southeasterly line of Currie Parkway, to the intersection of said Southeasterly line of Currie Parkway with the Northeasterly line of the Pere-Marquette Rail Trail of Mid-Michigan; thence Southeasterly on the Northeasterly line of said Rail Trail, to the intersection of said Northeasterly line of Rail Trail with the Northwesterly right-of-way line of Isabella Street (M-20); thence Northeasterly on said Northwesterly line of Isabella Street (M-20), to the intersection of said Northwesterly line of Isabella Street (M-20) with the Northeasterly right-of-way line of West Main Street; thence Northwesterly on said Northeasterly line of West Main Street, to the intersection of said Northeasterly line of West Main Street with the Southeasterly right-of-way line of Ripley Street; thence Northeasterly on said Southeasterly line of Ripley Street, to the intersection of said Southeasterly line of Ripley Street with the Southwesterly right-of-way line of Vacated Eastman Avenue; thence Northeasterly on the Northeasterly extension of said Southeasterly line of Ripley Street, to a point on the Southwesterly line of Block 35 Carpenter & Hines Addition, said point being the intersection of said extension with the Southwesterly line of said Addition; thence Southeasterly from said point and on the Southwesterly line of said Addition, to a point on the Southwesterly line of said Addition, said point being the Southwesterly corner of the Southeasterly 1/2 of Lot 5 Block 35 of said Addition; thence Northeasterly on the Northwesterly line of the Southeasterly 1/2 of Lot 5 Block 35 of said Addition and also the Northwesterly line of the Southeasterly 1/2 of Lot 4 Block 35 of said Addition, to the Northeasterly line of Block 35 of said Addition and the Southerly right-of-way line of West Buttles Street; thence Southeasterly on said Southerly right-of-way line and the Northeasterly lines Block 35 of Carpenter and Hines Addition, Block 36 of said Addition and Block 36

of the Original Plat of Midland, Block 37 of said Addition and Block 37 of said Plat, Block 38 of said Plat, Block 39 of said Plat, Block 40 of said Plat and Block 40 of Carpenters Division, Block 52 of said Division, Block 51 of said Division, Block 49 of said Plat, Block 48 of Larkins Addition and Block 48 of said Plat, tax parcel 14-21-80-804, to a point of intersection of said Southerly right-of-way line with the Southerly extension of the Easterly right-of-way line of Haley Street; thence Northeasterly on said extension and Easterly right-of-way line of Haley Street and also the Northwesterly lines of Block 109 and 127 of Larkin Addition, to the point of intersection of said Easterly right-of-way line of Haley Street with the Southerly right-of-way line of East Grove Street and the Northerly line of Block 127 of said Addition; thence Southeasterly on said Southerly right-of-way line of East Grove Street and Northerly line, to the point of intersection of said Southerly right-of-way line of East Grove Street with the Easterly right-of-way line of Fournie Street; thence Northeasterly on said Easterly right-of-way line of Fournie Street, to the point of intersection of said Easterly right-of-way line of Fournie Street with the Southerly right-of-way line of East Carpenter Street; thence Southeasterly on said Southerly right-of-way line of East Carpenter Street and the Northerly line of Block 13 and 19 Dow Chemical Company Addition, to a point of intersection of said Southerly right-of-way line of East Carpenter Street and said Northerly line with the Southerly right-of-way line of East Patrick Road(M-20), said point also being the Northerly most corner of Block 14 Dow Chemical Company Addition; thence Easterly on said Southerly right-of-way line of East Patrick Road(M-20) and the Northerly lines of Blocks 15, 16, 20 of Dow Chemical Company Addition, tax parcel 14-22-80-152, Blocks 23 and 24 of said Addition, to the point of intersection of said Southerly right-of-way line of East Patrick Road(M-20) with the North and South 1/4 of Section 22, also being Washington Street; thence Northerly on said North and South 1/4 line and Washington Street to the point of intersection of said North and South 1/4 with the North line of Section 22, said point also being the intersection of said Washington Street with East Patrick Road(M-20) and the North 1/4 corner of Section 22; thence Easterly on said North Section line and the Northerly lines of tax parcels (14-22-10-180, 14-22-10-155, 14-22-10-152, 14-22-10-144), to the point of intersection of said North Section line with the Northerly extension of the Westerly line of tax parcel 14-22-10-138; thence Southerly on said Northerly extension, to the point of intersection of the Southerly right-of-way line of East Patrick Road(M-20) with the Northerly line of tax parcel 14-22-10-138; thence Easterly on said Southerly right-of-way line of East Patrick Road(M-20) and the Northerly lines of tax parcels 14-22-10-138, 14-22-10-013, 14-22-10-011, to the point of intersection of said Southerly right-of-way line of East Patrick Road(M-20) with the Easterly right-of-way line of West Bound Relocated M-20(Business 10) off ramp for Patrick Street; thence Northerly on said Easterly right-of-way line, to the North line of Section 22 and the Northwesterly corner of tax parcel 14-22-10-004; thence Easterly on said North Section line and the Northerly line of tax parcel 14-22-10-004, to the Northeast corner of said Section and a common corner to sections 14, 15, 22, 23; thence Easterly on the North line of said Section 23 and the Northerly line of tax parcel 14-23-80-090, to the intersection of said North Section line with the Southerly extension of the Easterly right-of-way line of Swede Avenue; thence Northerly on said Southerly extension, to the point of intersection of the Easterly right-of-way line of Swede Avenue with the Northerly right-of-way line of East Patrick Road(M-20), said point also being the Southwesterly corner of tax parcel 14-14-60-002; thence Northerly on said Easterly right-of-way line of Swede Avenue and the Westerly line of tax parcel 14-14-60-002, to the point of intersection of said Easterly right-of-way line of Swede Avenue with the Southerly right-of-way line of Eastlawn Drive, said point also being the Northwesterly corner of tax parcel 14-14-60-002; thence Easterly on said Southerly right-of-way line of Eastlawn Drive and the Northerly line of tax parcel 14-14-60-002, to the point of intersection of said Southerly right-of-way line of Eastlawn Drive with the Easterly right-of-way line of Abbott Road, said point also being the Northwesterly corner of tax parcel 14-14-30-010; thence Northerly on said Easterly right-of-way line of Abbott Road and the Westerly line of tax parcel 14-14-20-260, to the point of intersection of said Easterly right-of-way line of Abbott Road and the Northerly line of tax parcel 14-14-20-260; thence Easterly on said Northerly line of tax parcel 14-14-20-260 to the Northeast corner of said tax parcel; thence Southerly at right angles, to the South right-of-way line of Eastlawn Drive; thence Easterly on said Southerly line of Eastlawn Drive, to the point of intersection of said Southerly line of Eastlawn Drive with the Westerly right-of-way line of Waldo Avenue, said point also being the Northeast corner of tax parcel 14-14-30-010; thence Easterly of the Easterly extension of said Southerly line of Eastlawn Drive, to the East line of Section 14; thence Northerly on said East Section line, to the point of intersection of said East Section line with the Northwesterly line of tax parcel 14-13-10-800, said point being the Northwesterly most corner of said parcel; thence Easterly on said Northwesterly line, to the Easterly right-of-way line of Waldo Avenue; thence Northerly on said Easterly right-of-way line of Waldo Avenue, to a point of intersection of said Easterly right-of-way line of Waldo Avenue with the Southerly right-of-way line of East Ashman Street; thence Easterly on said Southerly right-of-way line of East Ashman Street, to the point of intersection of said Southerly right-of-way line of East Ashman Street with the Westerly line of tax parcel 14-13-80-550, said point also being the Northeast corner of tax parcel 14-13-80-580; thence Northerly on Westerly line of said parcel, to the North line of Section 13; thence Easterly on said North Section line, to the point of intersection of said North Section line and the Easterly line of tax parcel 14-13-80-200, said point also being the Northeast corner of said parcel; thence Southerly on the Easterly line of said parcel and also tax parcel 14-13-10-800, to the North line of Adams Acres Subdivision Number 1; thence Westerly on the Northerly line of said Subdivision and also the Northerly line of Stratford Estates Number 1, extending through a strip of land between the East line of Stratford Estates Number 1 and the West line of Adams Acres Subdivision Number 1, to the Northeast corner of tax parcel 14-13-50-368; thence Westerly on the Northerly line of said parcel, to the East line of Eagle Ridge Research Park Number 1; thence Southerly on said East line and also the Easterly line of tax parcel 14-13-50-300, to the point of intersection of the Easterly line of said parcel with the South line of Section 13; thence Westerly on said South Section line, to the Southwest corner of said Section and a common corner to sections 13, 14, 23, and 24; thence Southerly on the West line of Section 24, to the point of intersection of said West Section line with the Southerly right-of-way line of James Savage Road; thence Easterly on said Southerly right-of-way line of James Savage Road, to the point of intersection of said Southerly right-of-way line of James Savage Road with the Westerly line of tax parcel 14-24-10-004, said point also being the Northeast corner of tax parcel 14-24-80-006; thence Northerly on the Westerly line of said parcel, to the centerline of James Savage Road; thence Easterly on said centerline, to the point of intersection of said centerline with the Easterly line of tax parcel 14-24-10-100, said point also being the Northeast corner of said parcel; thence Southerly on said Easterly line, to the point of intersection of said Easterly line with the Southerly right-of-way line of James Savage Road, said point also being the Northwesterly corner of tax parcel 14-24-10-090; thence Easterly on said Southerly right-of-way line of James Savage Road, to the East line of Section 24, said East Section line also being Midland-Bay County Line Road; thence Southerly on said East Section line to the Northerly right-of-way line the Railroad; thence Westerly on said Northerly right-of-way line, to the point of intersection of said Northerly right-of-way line with the centerline of Plumer Street; thence Southerly on said centerline, to the Northerly right-of-way line of Bay City Road; thence Easterly on said Northerly right-of-way line of Bay City Road, to the Northerly extension of the Westerly right-of-way line of Kent Court; thence Southerly on said Northerly extension and Westerly right-of-way line of Kent Court, to the point of intersection of said Westerly right-of-way line of Kent Court with the Northerly line of tax parcel 14-23-50-060; thence Easterly on said Northerly line, to the Northwest corner of tax parcel 14-23-50-300, also being the Northwest corner of

Eastwick Number 1; thence Easterly on the North lines of Eastwick Number 1 and Eastwick Number 2, to a point at the intersection of the North line of Eastwick Number 2 with the East line of Section 23, said point also being a point on Waldo Avenue, the Northeast corner of said Eastwick Number 2 and the Northwest corner of Midland Development Park Number 1; thence Easterly on the North lines of Midland Development Park Number 1 and Midland Development Park Number 2, to the Northeast corner of Lot 15 of said Midland Development Park Number 2; thence Southerly on the East line of said Lot 15, to the North line of Lot 14 of said Midland Development Park Number 2; thence Easterly on the North line of said Lot 14, to the Northeast corner of said Lot 14 of Midland Development Park Number 2; thence Easterly on the Northerly line of tax parcel 14-25-80-240, to the point of intersection of the Northerly line of said parcel with the Westerly right-of-way line of the Railroad, said point also being the Northeast corner of said Parcel; thence Easterly on the Easterly extension of Northerly line of said parcel, to the Southeast right-of-way line of the Railroad; thence Northeasterly on said Southeast right-of-way line, to the East line of Section 24, said East Section line also being Midland-Bay County Line Road; thence Southerly on said East Section line, to the Southeast corner of said Section and a common corner to Sections 24 and 25; thence Southerly on the East line of Section 25, said East Section line also being Midland-Bay County Line Road and the Limits to the City of Midland, to the Southeast corner of said Section; thence Westerly on the South line of said Section, also being Salzburg Road, to the Southwest corner of said Section and a common corner to Sections 25, 26, 35, and 36; thence Westerly on the South line of Section 26, also being Salzburg Road, to the intersection of said South Section line with the Southerly right-of-way line of the Railroad; thence Southeast on said Southerly right-of-way line of the Railroad, to the intersection of said Southerly right-of-way line of the Railroad with the Northerly right-of-way line of Waldo Avenue; thence Southwesterly on said Northerly right-of-way line of Waldo Avenue, to the intersection of said Northerly right-of-way line of Waldo Avenue with the Northeasterly right-of-way line of South Saginaw Road; thence Southwesterly on the Southwesterly extension of said Northerly right-of-way line of Waldo Avenue, to the intersection of the Southwesterly right-of-way line of South Saginaw Road with the Northerly right-of-way line of East Gordonville Road; thence Southerly on the Northerly right-of-way line of East Gordonville Road, to the North and South 1/4 line of Section 35, also being the Limits to the City of Midland; thence Southerly on said North and South 1/4 line and said City Limits, to the South line of said Section, also being Gordonville Road; thence Westerly on said South Section line and said City Limits, to the Southwest corner of said Section and a common corner to Sections 34 and 35; thence Westerly on the South line of Section 34 and said City Limits, to the Southwest corner of said Section and a common corner to Section 33 and 34; thence Westerly on the South line of Section 33 and said City Limits, to the North and South 1/4 line of said Section; thence Northerly on said North and South 1/4 line and said City Limits, to the North line of said Section and said City Limits; thence Easterly on said North Section line and said City Limits, to the Northeast corner of said Section and a common corner to Sections 26, 27, 33, and 34; thence Northerly on the East line of Section 28 and said City Limits, to the point of intersection of where said East Section line and said City Limits divide, said point being near the centerline of the Tittabawassee River; thence Northwesterly on said City Limits, to the intersection of said City Limits with the South line of Section 21; thence Westerly on said South Section line and said City Limits, to the Southwest corner of said Section and a common corner to Sections, 20, 21, 28, and 29, said corner also being on South Poseyville Road; thence Northerly on the West line of Section 21, to the Northeasterly bank of the Tittabawassee River; thence Northwesterly on said Northeasterly bank, to the intersection of said Northeasterly bank with the North line of Section 20; thence Easterly on said North Section line, to the intersection of said North Section line with the Southwesterly line of the Pere-Marquette Rail Trail of Mid-Michigan; thence Northwesterly on said Southwesterly line, to the intersection of said Southwesterly line with the South line of tax parcel 14-07-40-100 (Northwood University); thence Westerly on the South line of said parcel, to a point on said Southerly line, said point begins at the intersection of the Southerly right-of-way line of West Sugnet Road with centerline of Whiting Drive; thence Southerly on said centerline and the southerly extension of said centerline, to the intersection of said centerline with the South line of said parcel; thence Northerly on said Southerly extension and said centerline of Whiting Drive, to the intersection of said centerline with the Southerly right-of-way line of West Sugnet Road; thence Easterly on said Southerly line, to the Northeasterly right-of-way line of the Pere-Marquette Rail Trail of Mid-Michigan; thence Southeast on said Northeasterly line, to the Southwest corner of tax parcel 14-07-20-100; thence Northerly on the Westerly line of said parcel to the Northwest corner of said parcel; thence Southeast on the Northerly line of said parcel, to the intersection of the Northerly line of said parcel with the Northerly right-of-way line of West Sugnet Drive; thence Easterly on said Northerly line, to the intersection of said Northerly line with the Northeasterly right-of-way line of West Main Street; thence Northwesterly on said Northeasterly line, to the intersection of said Northeasterly line with the Easterly 1/8 line of Section 7, also being the Southeast corner of tax parcel 14-07-10-200; thence Northerly on said Easterly line, to the North line of Section 7; thence Easterly on said North Section line, to the Northeast corner of said Section and a common corner to Sections 5, 6, 7, and 8; thence Easterly on the North line of Section 8, to the point of beginning of this description.

Local Tax Capture Map

The portion of the City that is included in the local tax capture is restricted to the parcels within the red lines of the following map:



Property ID#	Address
14-21-10-036	820 Third St., Midland, MI
14-21-10-032	1006 Third St., Midland, MI
14-21-10-026	1011 Jefferson Ave., Midland, MI
14-21-10-038	816 Third St., Midland, MI
14-21-10-040	811 Third St., Midland, MI
14-21-10-042	815 Third St., Midland, MI
14-21-10-044	819 Third St., Midland, MI
14-21-10-046	1005 Third St., Midland, MI
14-21-10-048	1007 Third St., Midland, MI
14-21-10-050	1013 Third St., Midland, MI
14-21-10-052	1310 E Carpenter St., Midland, MI
14-21-10-058	1305 E Carpenter St., Midland, MI
14-21-10-024	1007 Jefferson Ave., Midland, MI
14-21-10-056	1301 E Carpenter St., Midland, MI
14-21-10-054	1306 E Carpenter St., Midland, MI
14-21-10-278	1300 E Carpenter St., Midland, MI
14-21-10-270	816 E. Lyon Rd., Midland, MI
14-22-80-170	1100 Lincoln St., Midland, MI
14-22-80-172	207 Wexford Ave., Midland, MI

Property ID#	Address
14-22-80-174	211 Wexford Ave., Midland, MI
14-22-80-176	215 Wexford Ave., Midland, MI
14-22-80-248	1015 Tibbs St., Midland, MI
14-22-80-250	216 Wexford Ave., Midland, MI
14-22-80-254	208 Wexford Ave., Midland, MI
14-22-80-256	202 Wexford Ave., Midland, MI
14-22-80-260	1008 Lincoln St., Midland, MI
14-22-80-262	1006 Lincoln St., Midland, MI
14-22-80-274	116 Wexford Ave., Midland, MI
14-22-80-276	112 Wexford Ave., Midland, MI
14-22-80-240	1003 Tibbs St., Midland, MI
14-22-80-162	1116 Jefferson Ave., Midland, MI
14-22-80-266	1003 Lincoln St., Midland, MI
14-22-80-268	1005 Lincoln St., Midland, MI
14-22-80-284	1012 Jefferson Ave., Midland, MI
14-22-80-286	1008 Jefferson Ave., Midland, MI
14-22-80-258	1010 Lincoln St., Midland, MI
14-22-80-246	1011 Tibbs St., Midland, MI

Legal Description of Local Capture Zone

Beginning at the intersection of the Section Line common to Sections 21 and 22, T. 14 N., R. 2 E., City of Midland, Midland County, Michigan, with the Southerly Right-of-Way line of Lyon Street (Highway M-20); thence Southwesterly along the Southerly Right-of-Way line of Lyon Street (Highway M-20) to its intersection with the Northerly Right-of-Way line of the Former Grand Trunk Western Railroad; thence Southeasterly along the Northerly Right-of-Way line of the Former Grand Trunk Western Railroad, to the Section Line common to Sections 21 and 22; thence Easterly along the Northerly Right-of-Way line of the Former Grand Trunk Western Railroad, to the Westerly Right-of-Way line of Tibbs Street; thence North along the Westerly Right-of-Way line of Tibbs Street and the East line of Lot 10, Block 23 of The Dow Chemical Company's Addition No. 1, to the Southerly Right-of-Way line of Lyon Street (Highway M-20); thence West along the Southerly Right-of-Way line of Lyon Street (Highway M-20), and the Point of Beginning.

APPENDIX C

Revenue Commitment Letters



THE HERBERT H. AND GRACE A. DOW FOUNDATION

December 5, 2012

Mr. Scott Walker
Executive Director
Midland Tomorrow
300 Rodd Street
Suite 201
Midland, MI 48640-9033

Dear Scott:

The Trustees of The Herbert H. and Grace A. Dow Foundation met on November 30, 2012. This letter is to inform you that Midland Tomorrow has been awarded a grant in the total amount of \$50,000.00 to launch a Smart Zone in Midland.

Our usual practice is to pay grants in December. Your payment schedule is as follows:

December 2013	\$50,000.00	Scheduled
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If this payment schedule does not meet your needs, please send a letter requesting your preferred payment schedule, and we will try to accommodate your request.

Please provide the information needed on the enclosed schedule of reports due and return them as soon as possible. Thank you in advance for your assistance with our record keeping.

Sincerely,

Margaret Ann Riecker
President

Encl.



SUPPORTING THE HUMANITIES AND THE SCIENCES TO ENHANCE THE QUALITY OF LIFE

1018 WEST MAIN STREET, MIDLAND, MICHIGAN 48640-4292 989-631-3699 FAX 989-631-0675 www.hhdowfoundation.org



THE HERBERT H. AND GRACE A. DOW FOUNDATION

Midland Tomorrow
300 Rodd Street
Suite 201
Midland, MI 48640-9033

Project Title: to launch a Smart Zone in Midland

As you know, on 11/30/2012 the Foundation awarded a grant of \$50,000.00 to your organization.

Before we can make any payments on the grant we would ask that you provide the following information:

1. A copy of the most recent IRS non-profit determination letter;
2. The name and address where the check should be sent, if different than the holder of the 501(c)(3).

Please note that all payments will be made to the organization that has been granted the 501(c) (3) non-profit status by the IRS.

In addition we will need reports as indicated below. If due dates need to be adjusted please let us know and we can make necessary changes.

Date Due	Type of Report	Additional Notes
8/29/2014	Final Project Report	
8/29/2014	Audited Financial Report	To include 2013 Form 990

Please fax, mail or email the information to President Margaret Ann Riecker. The email address is: riecker@hhdowfoundation.org. Questions or concerns can also be addressed by calling (989) 631-3699, etc. 304.

Thank you for your help.



THE HERBERT H. AND GRACE A. DOW FOUNDATION

June 27, 2013

Mr. Scott Walker
CEO
Midland Tomorrow
300 Rodd Street
Suite 201
Midland, MI 48640-9033

Dear Scott:

The Trustees of The Herbert H. and Grace A. Dow Foundation met on June 12, 2013. This letter is to inform you that Midland Tomorrow has been awarded a grant in the total amount of \$200,000.00 for additional funding to kick-start the SmartZone program to meet the financial requirements of the Michigan Economic Development Corporation. Please disregard the grant award letter dated June 13, 2013, which erroneously included the grant amount and payment from the \$50,000 grant awarded on November 30, 2012.

Our usual practice is to pay grants in December. Your payment schedule is as follows:

12/15/2014	\$50,000.00		Scheduled
12/15/2015	\$50,000.00		Scheduled
12/15/2016	\$50,000.00		Scheduled
12/15/2017	\$50,000.00		Scheduled

If this payment schedule does not meet your needs, please send a letter requesting your preferred payment schedule, and we will try to accommodate your request.

Please provide the information needed on the enclosed schedule of reports due and return them as soon as possible. Thank you in advance for your assistance with our record keeping.

Sincerely,

Jenée Velasquez
Executive Director

Encl.



SUPPORTING THE HUMANITIES AND THE SCIENCES TO ENHANCE THE QUALITY OF LIFE

1018 WEST MAIN STREET, MIDLAND, MICHIGAN 48640-4292 989-631-3699 FAX 989-631-0675 www.hhdowfoundation.org



THE HERBERT H. AND GRACE A. DOW FOUNDATION

UPDATED 6/27/2013

Midland Tomorrow
300 Rodd Street
Suite 201
Midland, MI 48640-9033

Project Title: additional funding to kick-start the SmartZone program to meet the financial requirements of the Michigan Economic Development Corporation

As you know, on 6/12/2013 the Foundation awarded a grant of \$200,000.00 to your organization.

Before we can make any payments on the grant we would ask that you provide the following information:

1. A copy of the most recent IRS non-profit determination letter;
2. The name and address where the check should be sent, if different than the holder of the 501(c)(3).

Please note that all payments will be made to the organization that has been granted the 501(c) (3) non-profit status by the IRS.

In addition we will need reports as indicated below. If due dates need to be adjusted please let us know and we can make necessary changes.

Date Due	Type of Report	Additional Notes
8/31/2015	Progress Report	
8/31/2015	Audited Financial Report	To include 2014 Schedule 990
8/31/2016	Progress Report	
8/31/2016	Audited Financial Report	To include 2015 Form 990
8/31/2017	Progress Report	
8/31/2017	Audited Financial Report	To include 2016 Form 990
8/31/2018	Final Project Report	
8/31/2018	Audited Financial Report	To include 2017 Form 990

Please fax, mail or email the information to President Margaret Ann Riecker. The email address is: riecker@hhdowfoundation.org. Questions or concerns can also be addressed by calling (989) 631-3699, etc. 304.

Thank you for your help.



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Filename:

THE CHARLES J. STROSACKER FOUNDATION

June 12, 2013

Mr. Scott Walker
Midland Tomorrow
300 Rodd Street
Midland, MI 48640

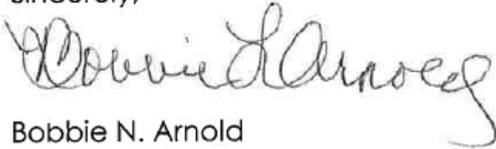
Dear Mr. Walker:

We are pleased to advise you that our Board of Trustees has approved a grant of \$125,000, designated for Support for the Smart Zone project in Midland. The payment schedule will be as follows:

December, 2013	\$25,000
December, 2014	\$25,000
December, 2015	\$25,000
December, 2016	\$25,000
December, 2017	\$25,000

We extend our best wishes to you for continued success and look forward to hearing about your accomplishments during the year. It is a pleasure to be among your current supporters.

Sincerely,



Bobbie N. Arnold
President & CEO

ROLLIN M. GERSTACKER FOUNDATION
P.O. BOX 1945
MIDLAND, MICHIGAN 48641-1945

June 12, 2013

Mr. Scott Walker
Executive Director
Midland Tomorrow
300 Rodd Street, Suite 201
Midland, MI 48640-6596

Dear Scott:

I am pleased to report that the trustees approved a grant in the amount of \$125,000 to aid in the launch of the new SmartZone in Midland. This grant will be paid at the rate of \$25,000 per year in 2013, 2014, 2015, 2016 and 2017. Our check for our 2013 commitment is enclosed.

Please provide us with a receipt or other acknowledgment of this gift.

It is a pleasure to provide this support.

Sincerely,


E. N. Brandt
Vice President

Enclosure: Check No. 20081



City Hall • 333 West Ellsworth Street • Midland, Michigan 48640-5132 • 989.837.3300 • 989.835.2717 Fax • www.midland-mi.org

BY COUNCILMAN ADAMS

WHEREAS, on March 26, 2013, the Michigan Economic Development Corporation conditionally approved the SmartZone designation for the City of Midland; and

WHEREAS, the Midland SmartZone will establish a dynamic partnership that aligns and strategically funds community economic development functions building on Midland's base of innovation in the chemical and advanced materials sectors; and

WHEREAS, the Midland SmartZone will focus on support to second stage businesses, new business incubation and acceleration, and creation of a foreign direct investment soft landing zone; and

WHEREAS, on March 20, 2014 the Midland Local Development Finance Authority met and recommends to the City Council approval of the proposed Tax Increment Financing Plan and Development Plan for the SmartZone of the City of Midland; and

WHEREAS, the City Council on April 28, 2014, at 7:00 p.m. in the Council Chambers, of City Hall conducted a public hearing for the purpose of considering the Tax Increment Financing Plan and Development Plan for the SmartZone of the City of Midland pursuant to Act 281 of the Public Acts of Michigan of 1986; now therefore

RESOLVED, that the City Council hereby approves and adopts the Tax Increment Financing Plan and Development Plan for the SmartZone of the City of Midland.

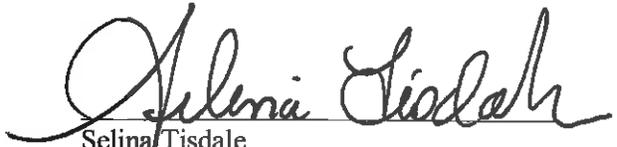
YEAS: Adams, Brown Wilhelm, Donker, Wazbinski

NAYS: None

ABSENT: None

VACANCY: Third Ward

I, Selina Tisdale, City Clerk, City of Midland, Counties of Bay and Midland, State of Michigan, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by a 4/0yea vote of all the Councilmen present at a regular meeting of the City Council held Monday, April 28, 2014.


Selina Tisdale
City Clerk