

# TAX INCREMENT FINANCING PLAN AND DEVELOPMENT PLAN

---

*HOLLAND SATELLITE SMARTZONE<sup>SM</sup>*

*December, 2015*

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SMARTZONE<sup>SM</sup>

## **Section I. Introduction**

Pursuant to Act 281 of 1986, the Holland Local Development Finance Authority (the "LDFA") was established in October 2014. The operating purpose of the LDFA is to eliminate the causes of unemployment, underemployment, joblessness, recruitment, retention, and to promote economic growth in Holland. The Holland SmartZone<sup>SM</sup> facilitates the capture of certain taxes for use by the LDFA to create or promote the development and attraction of high technology activities to the designated SmartZone<sup>SM</sup>. These taxes will be used to, among other things, improve property that will attract high tech businesses and employees and could assist in the development of high technology business incubators and marketing for these initiatives. For the initial term, the LDFA board members consist of:

- City of Holland Appointments:
  - Tim Vagle - Treasurer, City of Holland (1 year initial term)
  - Matt Nguyen - President of Worksighted (2 year initial term)
  - Brian Burch - Council Member/Managing Partner of Burch Partners (3 year initial term)
  - Craig Hall - President of Lee Shore Enterprises (4 year initial term)
- Holland Charter Township Appointments:
  - Vince Bush - Holland Township Treasurer (1 year initial term)
  - Peter Beukema - President of Suburban Inns (2 year initial term)
  - Paul Hunt - Senior Associate Vice President for Research and Graduate Studies at Michigan State University (4 year initial term)
- Ottawa County Board of Commissioners Appointments:
  - Joe Baumann - Commissioner, Ottawa County Board of Commissioners (3 year initial term)
- West Ottawa Schools Appointment:
  - Randall Schipper - Vice President of West Ottawa Board of Education (1 year initial term)
  - Jill Miller - West Ottawa Board of Education Trustee (4 year initial term)
- Holland Public Schools Appointments:
  - Marcia Bishop - Retired, Associate Director of Van Andel Institute (2 year initial term)
  - Ann Harten - Vice President of Global Human Resources (3 year initial term)
- Ex-Officio Members:
  - City of Holland City Manager
  - Holland Charter Township Manager
  - City of Holland Downtown Development Authority
  - Holland/Zeeland Community Foundation Representative

- Michigan Economic Development Corporation Representative
- Ottawa County Administrator or Representative

The Tax Increment Financing Plan (the "TIFP") provides a summary of the methods that will be used to fund the SmartZone<sup>SM</sup> programs and how those programs are expected to be carried out. 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 TIFP will capture a portion of the incremental increases in the tax millage of the City of Holland and Holland Charter Township.

The Holland SmartZone<sup>SM</sup> technology cluster will stimulate collaboration between Michigan State University, industry, research organizations, government and other community organizations with the objective of growing technology based businesses. Lakeshore Advantage will work closely with the Michigan State University Bioeconomy Institute ("MSUBI") to fill a critical gap in this technology cluster by offering new company incubation, early stage acceleration and scale-up production capabilities. This collaboration will promote economic development and increase high technology jobs within the Holland SmartZone<sup>SM</sup> and the surrounding region. Over the 15-year period, it is anticipated to create more than 50 new companies and approximately 360 new jobs.

The Holland SmartZone<sup>SM</sup> Satellite will initially be administered by Lakeshore Advantage and hosted by the Grand Rapids SmartZone<sup>SM</sup>. This relationship will facilitate regional cooperation creating a dynamic partnership throughout Western Michigan. Together the SmartZone's will provide complimentary services expanding the assistance that is available to new and emerging high technology businesses. There is a significant benefit to this collaboration because of the closely related function of the programs. The SmartZone<sup>SM</sup> programs do not significantly overlap each other regarding the sectors they support but they do share some similar features and the requirements to incubate and accelerate early stage development.

Lakeshore Advantage will administer the SmartZone<sup>SM</sup> and coordinate the program needs with the LDFA and the SmartZone<sup>SM</sup> partners. Lakeshore Advantage will assure that the business needs are met while ensuring strict accountability for performance and financial controls. 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 \$1.3M. The anticipated revenue is approximately \$8.6M, which includes \$906K from captured SET, and \$6.6M from local tax increments, and \$1.1M from other sources. [Table 1](#) details the anticipated revenue contributions; the letters of support for the committed grants and donations are included in [Appendix C](#).

**Table 1. Anticipated Non-Tax Capture Revenue.**

Source	Type	Term	Total Amount	Status
Lakeshore Advantage	In-Kind	5 years	\$500,000	Committed
Michigan State University	Grant	5 years	\$150,000	Committed
Varnum Law	Matching Funds	5 years	\$50,000	Committed
Holland/Zeeland Community Foundation	Grant	3 years	\$115,000	Committed
HEDCOR	Grant	5 years	\$235,000	Committed
Ottawa County	Loan	Pre-Plan	\$3,400	Committed
Warner Norcross & Judd	In-Kind	2 years	\$7,000	Committed

## **Section II. Local Development Finance Authority**

**125.2162b Creation of authority in which certified technology park designated; agreement with another authority; designation of distinct geographic area; consideration of advantages and benefits.**

The City of Holland and Holland Charter Township created a LDFA to capture incremental tax revenue within the SmartZone<sup>SM</sup> boundaries. This designates specific areas within the City of Holland and Holland Charter Township as a certified technology park. The revenues generated from the capture will be used to attract and increase high technology professionals to the area. See Appendix B for a description of the boundary.

The Holland SmartZone<sup>SM</sup> was created as a satellite under the Grand Rapids SmartZone<sup>SM</sup>. The two SmartZone's will collaborate together to incubate and accelerate new businesses and create high technology jobs. They will jointly market the Biosciences and Bioeconomy fields in the region and provide crossover support for incubator clients and acceleration of early stage technology businesses. With The Right Place, an original and significant partner of the Grand Rapids Authority, and Lakeshore Advantage, a significant partner of the Holland Authority, this designation will enhance the collaborative marketing of West Michigan as the best place to start a business, grow a business and be an entrepreneur.

MSUBI is becoming the region's leader in green chemistry "proof of concept" production. It will be the hub of the Holland SmartZone<sup>SM</sup> and can provide a combination of high tech support and scale up capabilities required by many entrepreneurs. The facility has wet labs and a pilot plant that emerging companies can use to grow their technology. Additionally, MSUBI has personnel with the knowledge and experience in taking a product from lab scale to the larger pilot plant scale. The facility also possesses important permits necessary to do this.

Over \$1M has been raised to cover the start up and first five years of operational expenses. These contributions are detailed in Table 1. The revenue along with tax capture will support new company incubation, early stage acceleration, scale up capability, marketing and operational support for the SmartZone<sup>SM</sup>. Lakeshore Advantage will administer the SmartZone<sup>SM</sup> for a minimum of five years and will be responsible for maintaining a relationship between all of the collaborators (Grand Rapids SmartZone<sup>SM</sup>, Holland LDFA, MSUBI, MEDC, etc.). During this time, Lakeshore Advantage will prepare the monthly and annual reports, schedule and conduct meetings, and maintain the day-to-day operations of the SmartZone<sup>SM</sup>.

## **Section III. 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 Holland SmartZone<sup>SM</sup> 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 bodies. 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 will exclude from captured assessed value 50%-of captured assessed value as specified in the plan or growth in property value resulting solely from inflation and new development. If excluded, the plan shall set forth the method for excluding growth in property value resulting solely from inflation. The elected officials of the City of Holland and Holland Charter Township, at the sole discretion via a majority vote of their governing bodies, may choose to carve out future brownfield and tax increment financing districts that could have an effect on the SmartZone<sup>SM</sup>.
- (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**

Plans are in place to clean up the water quality of Lake Macatawa and further develop the downtown corridor. These improvements not only improve tourism, but also lay the foundation for attraction of high technology professionals to the area. The Holland area provides a unique benefit for business expansions and start-up companies because it is strategically located around Lake Macatawa, which has a shipping navigation channel allowing ships to reach the City of Holland dock and freight and Amtrak railway. Much of the industrial area surrounding Lake Macatawa is underdeveloped and in need of modernization. Boundaries for the SmartZone<sup>SM</sup> have been established with focus on the challenged areas.

The Holland SmartZone<sup>SM</sup> Satellite and associated tax capture will complement the improvement activities already planned in Holland. Additionally, the SmartZone<sup>SM</sup> will set the stage for MSUBI to fill a critical gap in broad based technology services to new companies through incubation, early stage acceleration and scale-up capability. MSUBI has served to provide firms from across Michigan and the United States with proof of concept scale-up production, but as public land its site cannot host construction of private sector facilities to pursue and fully monetize the newly proven technologies. As a result, important “green” technologies may be proven in Michigan but operationalized elsewhere. By promoting new regional development outside of MSU land, the SmartZone<sup>SM</sup> should help entrepreneurial high tech “apples” to fall close to the MSUBI “tree” that validated them.

Economic data reinforces the need for a coordinated, strategic set of community priorities to help the community and area companies to remain competitive. The strong support for start-up and acceleration of early stage businesses that will be part of the SmartZone,<sup>SM</sup> along with planned and existing downtown redevelopment, will be a powerful tool to attract business development and high technology talent to the Holland community. The partnership with the Grand Rapids SmartZone<sup>SM</sup> will be a regional cooperation that creates a dynamic partnership throughout Western Michigan. Together the SmartZone’s will provide complimentary services that will expand the assistance available to new and emerging high technology businesses.

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

The base year of this plan is 2015. Beginning in 2016, the Holland LDFA will capture 50% of the state, county and local tax operating levies on all new and incremental growth from the initial assessed value on the parcels within the SmartZone<sup>SM</sup> boundary unless existing TIF’s are already capturing or the respective community elected officials subsequently decide, at their sole discretion, to implement a variety of tax increment districts that preclude such capture. This value is determined on the basis of assessments as of September 16, 2015. The assessment roll of the parcels and values that make up the base is attached separately.

Table 2 shows a summary of the estimated dollar amounts of Local Tax Increment Revenue to be realized. These revenue estimates are based upon changes or adjustments in base-year real property of parcels within the SmartZone<sup>SM</sup> boundaries. Estimated local tax capture includes 50% of local operating millages, school millages and specially approved millages and excludes all debt millages. This captures all available millages.

### **Table 2. Estimated SmartZone<sup>SM</sup> Local Capture Tax Increment Revenue**

Program Year	Fiscal Year	City Property Taxable Value	Township Property Taxable Value	City & Township Captured Value	Estimated Total Local Tax Capture
	Base	67,707,843	20,155,563	Base	Base
1	2016	69,062,000	20,496,318	1,694,912	35,635
2	2017	70,443,240	20,842,867	3,422,701	56,765
3	2018	71,852,105	21,195,308	5,184,006	109,004
4	2019	73,289,147	21,553,739	6,979,480	146,768
5	2020	74,754,930	21,918,264	8,809,788	185,266
6	2021	76,250,029	22,288,985	10,675,608	224,808
7	2022	77,775,029	22,666,009	12,577,633	264,875
8	2023	86,756,276	23,051,332	21,944,202	472,334
9	2024	88,491,401	23,443,204	24,071,200	517,344
10	2025	90,293,132	23,841,739	26,271,464	563,925
11	2026	92,098,994	24,247,048	28,482,636	610,726
12	2027	93,940,974	24,659,248	30,736,816	658,442
13	2028	103,414,546	25,078,455	40,629,595	873,900
14	2029	105,482,836	25,504,789	43,124,220	926,835
15	2030	107,592,493	25,938,370	45,667,458	980,808
					6,627,435

The local capture consists of 50% of all millages of the incremental taxes which are allowed to be captured by statute, above the baseline for Holland Charter Township and the City of Holland parcels within the SmartZone<sup>SM</sup> boundaries depending on local Tax Increment Financing Districts that may be subsequently created since the local capture for the SmartZone<sup>SM</sup> will occur after any capture for Brownfield Redevelopment and/or Downtown Development Authority. The total potential local capture is \$7.5M.

**Table 3. Estimated SET Captured Tax Increment Revenue**

Program Year	Fiscal Year	City Real Property Taxable Value	Township Real Property Taxable Value	Incremental Value	SmartZone State Tax Captured (50% of 6 mills)
	Base	67,707,843	20,155,563	Base	3
1	2016	69,062,000	20,496,318	1,694,912	5,077
2	2017	70,443,240	20,842,867	3,422,701	10,252
3	2018	71,852,105	21,195,308	5,184,006	15,527
4	2019	73,289,147	21,553,739	6,979,480	20,906
5	2020	74,754,930	21,918,264	8,809,788	26,388
6	2021	76,250,029	22,288,985	10,675,608	32,027
7	2022	77,775,029	22,666,009	12,577,633	37,733
8	2023	86,756,276	23,051,332	21,944,202	65,833
9	2024	88,491,401	23,443,204	24,071,200	72,214
10	2025	90,293,132	23,841,739	26,271,464	78,814
11	2026	92,098,994	24,247,048	28,482,636	85,448
12	2027	93,940,974	24,659,248	30,736,816	92,210
13	2028	103,414,546	25,078,455	40,629,595	121,889
14	2029	105,482,836	25,504,789	43,124,220	129,373
15	2030	107,592,493	25,938,370	45,667,458	137,002
				Total	930,693

**(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 property within the Holland SmartZone<sup>SM</sup> 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 property in the LDFA district was established as of July 8, 2015. The total assessed value, as of that date, was \$87,863,406. 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."
- Increases in property values that 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 and Township Board of Trustees 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 and Board of Trustees' public hearings shall be published twice in a newspaper of general circulation in the community, the first of which shall not be less than 20 days before the date set for the hearing. At the public hearings, the City Council and Board of Trustees 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 and Board of Trustees shall make and preserve a record of the public hearing, including data presented at that time. The City Council and Board of Trustees shall determine whether the plans constitute a public purpose and shall approve, reject, or modify the plans. Once the plans are approved, they will be reviewed and approved by the MEDC and the State Treasurer.

This plan may be amended upon approval of the City Council and Board of Trustees 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 Holland LDFA does not anticipate issuing any bonded indebtedness and expects to finance SmartZone<sup>SM</sup> programs on a pay-as-you-go basis. If a revenue shortfall should occur, it will be handled by support from private sector and/or municipalities. 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 may consist of funding a SmartZone<sup>SM</sup> director, other labor, marketing, attraction, support services, and general expenses for Lakeshore Advantage to manage the SmartZone<sup>SM</sup> program (collectively "Administrative Expenses"). Additional Administrative Expenditures may be deemed necessary and will be reviewed with the LDFA Board as appropriate. Administrative Expenses will utilize the approximately \$1 million of private funds raised for the SmartZone<sup>SM</sup> (See Sec III(1)(g).) Should the LDFA believe that these Administrative Expenses will exceed the private funds raised for the SmartZone<sup>SM</sup> and wish to utilize revenues from the SmartZone<sup>SM</sup> TIF capture for Administrative Expenses, the LDFA will prepare and approve a detailed budget of the Administrative Expenses seeking to utilize the SmartZone<sup>SM</sup> TIF capture of Holland for majority approval by each governing body. A contract with the Holland DDA for services to enhance Downtown Holland in an amount not less than the DDA millage amount to be captured in the SmartZone<sup>SM</sup> will be entered into on an annual basis to ensure continued vibrancy and attractiveness to potential technology entrepreneurs. Additional expenditures may be deemed necessary and will be reviewed with the LDFA Board as appropriate. This includes the option to contract with any local government for services including Public Safety, maintenance or any other services.

**(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 \$1.26M (excluding pre-plan expenses). The potential revenue is approximately \$7.5M (excluding pre-plan revenue). The revenue will consist of \$905K from captured SET, \$6.6M local tax increments, and \$1.1M 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<sup>SM</sup> Development and Tax Increment Finance Plan is the fifteen (15) year maximum allowed by PA 281, as amended. The plan is expected to expire in 2030.

**(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 overall impact of the Plan revenues on the taxing jurisdictions is expected to generate increased economic activity resulting in new employment opportunities and redevelopment opportunities for challenged areas. This increase in activity will result in an increase in the assessed valuations of personal property.

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

Program Year	Fiscal Year	City Property Taxable Value	Township Property Taxable Value	City & Township Captured Value	Estimated Total Local Tax Capture	SET Captured (50% of 6 mills)	Total SmartZone Capture
	Base	67,707,843	20,155,563	Base	Base	3	Base
1	2016	69,062,000	20,496,318	1,694,912	35,635	5,077	40,712
2	2017	70,443,240	20,842,867	3,422,701	56,765	10,252	67,017
3	2018	71,852,105	21,195,308	5,184,006	109,004	15,527	124,531
4	2019	73,289,147	21,553,739	6,979,480	146,768	20,906	167,674
5	2020	74,754,930	21,918,264	8,809,788	185,266	26,388	211,654
6	2021	76,250,029	22,288,985	10,675,608	224,808	32,027	256,835
7	2022	77,775,029	22,666,009	12,577,633	264,875	37,733	302,608
8	2023	86,756,276	23,051,332	21,944,202	472,334	65,833	538,167
9	2024	88,491,401	23,443,204	24,071,200	517,344	72,214	589,558
10	2025	90,293,132	23,841,739	26,271,464	563,925	78,814	642,739
11	2026	92,098,994	24,247,048	28,482,636	610,726	85,448	696,174
12	2027	93,940,974	24,659,248	30,736,816	658,442	92,210	750,652
13	2028	103,414,546	25,078,455	40,629,595	873,900	121,889	995,789
14	2029	105,482,836	25,504,789	43,124,220	926,835	129,373	1,056,208
15	2030	107,592,493	25,938,370	45,667,458	980,808	137,002	1,117,810
					6,627,435	930,693	7,558,128

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

The SmartZone<sup>SM</sup> district follows the boundaries of the LDFA and falls within the City of Holland and the Holland Charter Township. The area was established to focus on industrial and commercial property areas surrounding Lake Macatawa and other nearby challenged areas. Included in the district is the Michigan State University Bioeconomy Institute that will serve as the hub of the SmartZone<sup>SM</sup>. The SmartZone<sup>SM</sup> district is described in Appendix B.

**(1)(k) Jobs Created**

As shown below in Table 5, the total jobs created due to the SmartZone<sup>SM</sup> program is anticipated to be about 360. As businesses start-up and expand, jobs will be created causing investments to flow through the entire community. However, scientific endeavors do not create the type of employment volume that manufacturing does. Therefore, a multiplier of 2:1 for the company to job creation formula was used.

**Table 5. Jobs Created from the Proposed SmartZone<sup>SM</sup>.**

	2016	2017	2018	2019	2020	2021-25	2026-30	Total
<b>Total High Tech Businesses</b>	3	8	10	12	15	60	72	180
<b>Total Anticipated Jobs Created</b>	6	16	20	24	30	120	144	360

**(1)(l) Boundaries**

The SmartZone<sup>SM</sup> district follows the boundaries of the LDFA and falls within the City of Holland and Holland Charter Township. The area was established to focus on industrial and commercial property areas surrounding Lake Macatawa and other nearby challenged areas. The SET and local tax capture will follow these same boundaries. See Appendix B for a full description of the SmartZone<sup>SM</sup> boundaries.

**Section IV. 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 that 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) & (b) Property Description and Boundaries**

As with the TIF plan, the proposed district follows the boundaries of the LDFA and is within the City of Holland and Holland Charter Township. The area was established to include as much challenged

industrial and commercial property as possible. It also includes the Michigan State University Bioeconomy Institute that will serve as the hub of the SmartZone<sup>SM</sup>. 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. The district focuses on the industrial and commercial area on the eastern side of Lake Macatawa and other challenged areas within the City and Township of Holland. This plan does not anticipate removal or displacement of residents. See [Appendix B](#) for a map and description of the SmartZone<sup>SM</sup> boundaries.

### **(2)(d) & (e) Public Facilities and Anticipated Improvements**

Utilities such as electricity, natural gas, telecommunications and internet infrastructure currently exist in varying capacities throughout the City of Holland and Holland Charter Township. Major public utilities are also adequate at this time; however, as the SmartZone<sup>SM</sup> becomes more established, it may become necessary to update existing broadband, sewer, water, snowmelt district heat and other lines, make roadway and sidewalk, boardwalk or other transportation improvements and modifications, or other infrastructure or streetscape improvements related to public benefit. The exact timeline for infrastructure improvements is unknown at this time.

Michigan State University Bioeconomy Institute also has appropriate infrastructure in place to facilitate start-up and early stage companies to use lab space in the MSUBI facility. The labs are appropriately equipped to handle most chemical research and development needs. MSUBI also holds the necessary permits and certificates to go from lab-scale to pilot plant scale.

### **(2)(f) Planned Construction**

Site infrastructure, planning, zoning and other improvements may be necessary as the SmartZone<sup>SM</sup> gets established in order to attract companies and technology development professionals to the Holland area and accommodate growth of new technologies. Lakeshore Advantage and the Holland LDFA will work closely with the City of Holland and Holland Charter Township to coordinate efforts between the SmartZone<sup>SM</sup> and the appropriate investors and municipals.

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

Industrial acquisition and site infrastructure improvements may be financed with this tax capture. If it becomes necessary to incorporate this in the plan, a procedure will be developed and reviewed with the Holland LDFA Board; the plan 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. Expenses to replace water mains, remove sewer lines, extend snowmelt and district heat lines, improve roadways, sidewalks and boardwalks and make changes to streetscapes, signage, gas, electric, and design will require budget revision as they become necessary.

### **(2)(i) Public Facility Cost**

The activities of the LDFA and SmartZone<sup>SM</sup> 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

Infrastructure improvements will be closely coordinated with the City of Holland and Holland Charter Township.

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

### **(2)(j) & (2)(k) Lease, Sell, Convey or Transfer Public Facilities**

This project is being undertaken for the benefit of the Holland community, 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, the Holland LDFA will work with the City of Holland and/or Holland Charter Township to determine a process and fair value with the interest of all parties protected.

### **(2)(l-o) Displaced Residents**

There are no plans to remove or relocate residents in the City of Holland or the Holland Charter Township; 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.

### **(2)(p) Other Pertinent Information**

By coordinating efforts and combining resources with the Grand Rapids SmartZone<sup>SM</sup>, a regional cooperation will create a dynamic partnership of cross-collaboration and sharing of services. The Holland SmartZone<sup>SM</sup> Satellite will become a center of excellence for emerging high tech, high growth companies.

The primary goal of this plan is to stimulate economic development and vitality in the region by facilitating the formation and sustained growth of companies and professionals serving Michigan's developing technology clusters. This will be accomplished by providing tools and services that will help existing companies grow, reducing barriers for start-up or early stage companies, expanding diverse opportunities to work and live in the area, and provide incubator and acceleration support. To facilitate this, Holland will work closely with the Grand Rapids SmartZone<sup>SM</sup> to make decisions about how the SmartZone<sup>SM</sup> programs will complement each other. The SmartZone<sup>SM</sup> will utilize the Michigan State University Bioeconomy Institute's first class facility to fill a critical gap in the bioeconomy technology cluster.

Monthly reports will be prepared for the LDFA and MEDC to ensure the programs developed and offered are fulfilling the goals of building and growing the bioeconomy industry. These reports will include a summary of the SmartZone<sup>SM</sup> and business incubator operations such as the number of business assisted, number of businesses locating or expanding in the SmartZone<sup>SM</sup>, number of jobs created/retained, number of ongoing and completed commercialization projects, and amount of investments in the SmartZone<sup>SM</sup>. It will also include a summary of how the TIF funds were used during the reporting period and forecast the use of funds for the next period. (Metrics are unknown at this time).

An annual report will be prepared to summarize the significant accomplishments that occurred over the past year and detail the TIF collection and how it was used throughout the year. It will also include a summary of the activities accomplished between the host and satellite SmartZone's and how they are complying with the legislative criteria of MCL 125.2162(b). Projections for the upcoming year will be incorporated into the report to discuss anticipated income and the activities that it will support.

In addition, Lakeshore Advantage shall meet with the LDFA Board annually to review the plan and make adjustments as necessary. As needed, and no less than annually, the LDFA shall submit amendments to the Development Plan or TIF Plan to the City Council and Township Board for review and approval.

The LDFA will report to both the City Council and the Board of Trustees on a quarterly basis.

## **APPENDIX A**

### Profit and Loss Statement/Statement of Cash Flows

**Table 1: Profit and Loss**

	Pre-Spend	Year 1 2016	Year 2 2017	Year 3 2018	Year 4 2019	Year 5 2020	Years 6-10 2021-2025	Years 11-15 2026-2030
<b>Income</b>								
Lakeshore Advantage (in-kind)	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0	\$0
Michigan State University	\$25,000	\$75,000	\$75,000	\$0	\$0	\$0	\$0	\$0
Varnum Law (in-kind)	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0	\$0
Community Foundation	\$0	\$40,000	\$40,000	\$35,000	\$0	\$0	\$0	\$0
HEDCOR	\$0	\$30,000	\$30,000	\$35,000	\$70,000	\$70,000	\$0	\$0
Ottawa County	\$3,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Warner Norcross & Judd		\$3,500	\$3,500	\$0	\$0	\$0	\$0	\$0
Local Tax Capture	0	\$35,635	\$56,765	\$109,004	\$146,768	\$185,266	\$2,043,286	\$4,050,711
State Tax Capture	0	\$5,077	\$10,252	\$15,527	\$20,906	\$26,388	\$286,621	\$565,922
<b>Total Revenue</b>	<b>\$78,400</b>	<b>\$299,212</b>	<b>\$325,517</b>	<b>\$304,531</b>	<b>\$347,674</b>	<b>\$391,654</b>	<b>\$2,329,907</b>	<b>\$4,616,633</b>
<b>Expenses</b>								
Operational Expenses								
Personnel		\$145,000	\$145,000	\$145,000	\$145,000	\$145,000	\$725,000	\$725,000
Contract Labor	\$48,000	\$25,000	\$30,000	\$40,000	\$50,000	\$60,000	\$300,000	\$300,000
Accounting		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$25,000	\$25,000
Liability Insurance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$5,000	\$5,000
Administration		\$10,000	\$6,000	\$6,000	\$10,000	\$6,000	\$30,000	\$30,000
Ottawa County Loan		\$3,400						
Marketing and Program Activities		\$55,000	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000	\$225,000
<b>Total Expenses</b>	<b>\$49,000</b>	<b>\$249,000</b>	<b>\$232,000</b>	<b>\$242,000</b>	<b>\$256,000</b>	<b>\$262,000</b>	<b>\$1,310,000</b>	<b>\$1,310,000</b>

## **APPENDIX B**

### Property Description and Maps

## Holland Satellite SmartZone Boundary Legal Description

### ***HOLLAND TOWNSHIP***

Part of Sections 19, 20, 29, and 30, T5N, R15W, Holland Township, Ottawa County, Michigan, described as follows: Beginning at the intersection of the East line of River Avenue and the North line of Lakewood Boulevard; thence East along the North line of Lakewood Boulevard to the Southeastern corner of Parcel 16-20-179-049; thence Southeasterly across Lakewood Boulevard to the Southwest corner of Parcel 16-20-199-004; thence East along the South line of said Parcel 16-20-199-004 to the East line of the Northern extension of River Hills Drive; thence South approximately 755 feet along the East line of River Hills Drive to a property corner of Parcel 16-20-401-035; thence West 33 feet along a Northern property line of said Parcel 16-20-401-035 to the centerline of River Hills Drive; thence South along said centerline of River Hills Drive to the Southern line of Scotts Drive; thence West approximately 137 feet and Northwest approximately 325 feet along the Southern line of Scotts Drive to the Northeast corner of Parcel 16-20-334-003; the South to the Southeast corner of said Parcel 16-20-334-003; thence Northwesterly along the Southwesterly line of said Parcel 16-20-334-003 to the Westernmost corner of said Parcel 16-20-334-003; thence Southwesterly along the Southeasterly line of Parcel 16-20-300-007 and the Southeasterly line of Parcel 16-20-300-006 to the East line of River Avenue; thence Southeast along said East line of River Avenue to the Northerly water's edge of the Black River; thence Westerly and Southwesterly along said water's edge of the Black River to the Southernmost corner of Parcel 16-20-355-020; thence Northwesterly along the Northeasterly line of Macatawa Warehouse Development, Ottawa County Condominium Subdivision Plan No. 119, to the Northeasterly corner of said Macatawa Warehouse Development; thence Southwesterly 165.54 feet to a property corner of Parcel 16-19-478-003; thence Northwesterly 132 feet to the Westernmost property corner of Parcel 16-19-478-003 on the Southeasterly line of Howard Avenue; thence Southwesterly along said Southeasterly line of Howard Avenue to the Northeasterly line of Pine Crest Subdivision; thence Northwesterly along said Northeasterly line of Pine Crest Subdivision to the centerline of Douglas Avenue; thence East along said centerline of Douglas Avenue to the Southwest corner of Parcel 16-19-300-061; thence North 726 feet to the Northwest corner of said Parcel 16-19-300-061; thence West approximately 20 feet to the Southwest corner of Parcel 16-19-300-041; thence North approximately 594 feet to the Southwest corner of Ottawa Beach Drydocks, Ottawa County Condominium Subdivision Plan No. 428; thence East approximately 211 feet, South approximately 200 feet, and East approximately 379 feet along the Southerly lines of said Ottawa Beach Drydocks to the Southeast corner of said Ottawa Beach Drydocks; thence North approximately 435 feet to the Northwest corner of Holland Plaza Condominium, Ottawa County Condominium Subdivision Plan No. 368; thence East approximately 530 feet, South approximately 100 feet, and East approximately 233 feet along the Northerly lines of said Holland Plaza Condominium and its Easterly extension to the East line of Aniline Avenue; thence South along said East line of Aniline Avenue to the Northwesterly line of C & O Railroad right of way; thence Northeasterly along said Northwesterly line of C & O Railroad to the Southwesterly line of Adams Street; thence Northwest along said Southwesterly line of Adams Street to the Northeast corner of Lot 1, Block 21 of Howard's Addition to City of Holland; thence Northeasterly approximately 66 feet to the Southwest corner of Parcel 16-19-475-001; thence East 99 feet to the Southeast corner of said Parcel 16-19-475-001; thence North approximately 1517 feet along the East line of Howard B. Dunton's Subdivision to the North line of Lakewood Boulevard; thence East along said North line of Lakewood Boulevard to a corner of Lakewood Business Condominium, Ottawa County Condominium Subdivision Plan No. 301; thence South 33 feet to the centerline of Lakewood Boulevard; thence East approximately 618 feet along said centerline of Lakewood Boulevard to the Southeast corner of Parcel 16-20-151-032; thence North 33 feet to the North line of said Lakewood Boulevard; thence East along said North line of Lakewood Boulevard to the East line of River Avenue and the Place of Beginning.

## ***CITY OF HOLLAND***

Part of Sections 20, 28, 29, 30, and 31, T5N, R15W, City of Holland, Ottawa County, Michigan, described as follows: Beginning at the intersection of the East line of Fairbanks Avenue and the South line of 11<sup>th</sup> Street; thence West along said South line of 11<sup>th</sup> Street and its Western extension to the Northeast corner of Lot 3, Block H, of the West Addition to the Village of Holland (said Northeast corner of Lot 3, Block H, is approximately 171 feet West of the West line of Pine Avenue); thence South approximately 132 feet to the Southeast corner of said Lot 3, Block H; thence West approximately 578 feet along the South line of lots 3 thru 8, Block H, of said West Addition to the Village of Holland and extended to the West line of Maple Avenue; thence North along said West line of Maple Avenue to the South line of 9<sup>th</sup> Street; thence West along said South line of 9<sup>th</sup> Avenue to the East line of Van Raalte Avenue; thence South along said East line of Van Raalte Avenue to the South line of 11<sup>th</sup> Street; thence West approximately 444 feet along said South line of 11<sup>th</sup> Street to the Northwest corner of Parcel 16-30-431-003; thence South approximately 468 feet to the Southeast corner of Parcel 16-30-452-004; thence West approximately 52 feet to the Northwest corner of Parcel 16-30-452-022; thence South approximately 128.5 feet to the Southwest corner of said Parcel 16-30-452-022; thence Southerly approximately 66 feet to the Northeast corner of Parcel 16-30-453-004 on the South line of 13<sup>th</sup> Street; thence West approximately 200 feet along said South line of 13<sup>th</sup> Street to the East line of Harrison Avenue; thence South along said East line of Harrison Avenue to the Southwest corner of Parcel 16-30-457-014; thence Southerly to the Northwest corner of Parcel 16-31-203-001; thence South along said East line of Harrison Avenue to the Northwest corner of Lot 23 of the Plat of Thomas's Addition; thence West approximately 245 feet along the North line of lots 19 thru 22 of said Thomas's Addition; thence North approximately 6 feet to the centerline of a 12 foot wide alley; thence approximately 178 feet West along said centerline of said alley to the West line of said Thomas's Addition; thence continuing West approximately 129 feet to the Northwest corner of Parcel of 16-31-202-020; thence South approximately 198 feet to the Northwest corner of Parcel 16-31-205-003 on the South line of 17<sup>th</sup> Street; thence West approximately 132 feet to the East line of Cleveland Avenue; thence South approximately 297 feet along said East line of Cleveland Avenue to the centerline of 18<sup>th</sup> Street; thence West approximately 366 feet along said centerline of 18<sup>th</sup> Street and its Westerly extension to the East line of Ottawa Avenue; thence South approximately 33 feet along said East line of Ottawa Avenue to the South line of 18<sup>th</sup> Street; thence West approximately 688 feet along said South line of 18<sup>th</sup> Street to the West line of Homestead Avenue; thence North approximately 198 feet along said West line of Homestead Avenue to the Northeast corner of Parcel 16-31-128-027; thence West approximately 212 feet, North approximately 16 feet, West approximately 50 feet and South approximately 133 feet along the property lines of said Parcel 16-31-128-027; thence West approximately 435 feet along the Northerly line of said Parcel 16-31-128-027 and its Westerly extension to the West line of Diekema Avenue; thence North approximately 250 feet along said West line on Diekema Avenue to the South line of 17<sup>th</sup> Street; thence West approximately 236 feet along said South line of 17<sup>th</sup> Street to the Southerly line of South Shore Drive; thence Northwest to the Northerly line of said South Shore Drive; thence Northeasterly along said Northerly line of said South Shore Drive to the North line of 16<sup>th</sup> Street; thence East along said North line of 16<sup>th</sup> Street to the Southwest corner of Parcel 16-30-455-004; thence North along the Westerly lines of said Parcel 16-30-455-004 to the Southerly edge of Lake Macatawa; thence Northeasterly along said Southerly edge of Lake Macatawa to the East line of River Avenue; thence Northerly along said East line of River Avenue to the Northerly edge of the Black River; thence Easterly along said Northerly edge of the Black River to the Southeasterly corner of Parcel 16-20-300-005; thence Northwesterly to the Northeasterly corner of Parcel 16-20-300-004; thence Southwesterly approximately 150 feet to the Northwesterly corner of said Parcel 16-20-300-004 and the East line of River Avenue; thence Northwesterly along said East line of River Avenue to the Northwesterly corner of Parcel 16-20-300-001; thence Northeasterly, Easterly and Southeasterly along the North line of said Parcel 16-20-300-001 to the Southeast corner of Riverwatch Condominiums, Ottawa County Condominium Subdivision Plan No. 785; thence South and Southeasterly along the West and South lines of River Hills Drive to the Northwest corner of Parcel 16-20-476-001;

thence South along the West line of said Parcel 16-20-476-001 to the South edge of the Black River; thence Easterly, Northeasterly, and Southeasterly along said South edge of the Black River to the West line of C & O Railroad right of way; thence Southwesterly along said West line of C & O Railroad right of way to the Northwest corner of Parcel 16-28-138-044; thence East to the Northwest corner of Parcel 16-28-150-002; thence South approximately 660 feet to the Northwest corner of said Parcel 16-28-138-011; thence East to the Northerly line of Chicago Drive; thence Southwesterly along said Northerly line of Chicago Drive to the East line of Fairbanks Avenue; thence South along said East line of Fairbanks Avenue to South line of 11<sup>th</sup> Street and the place of beginning.

EXCEPT:

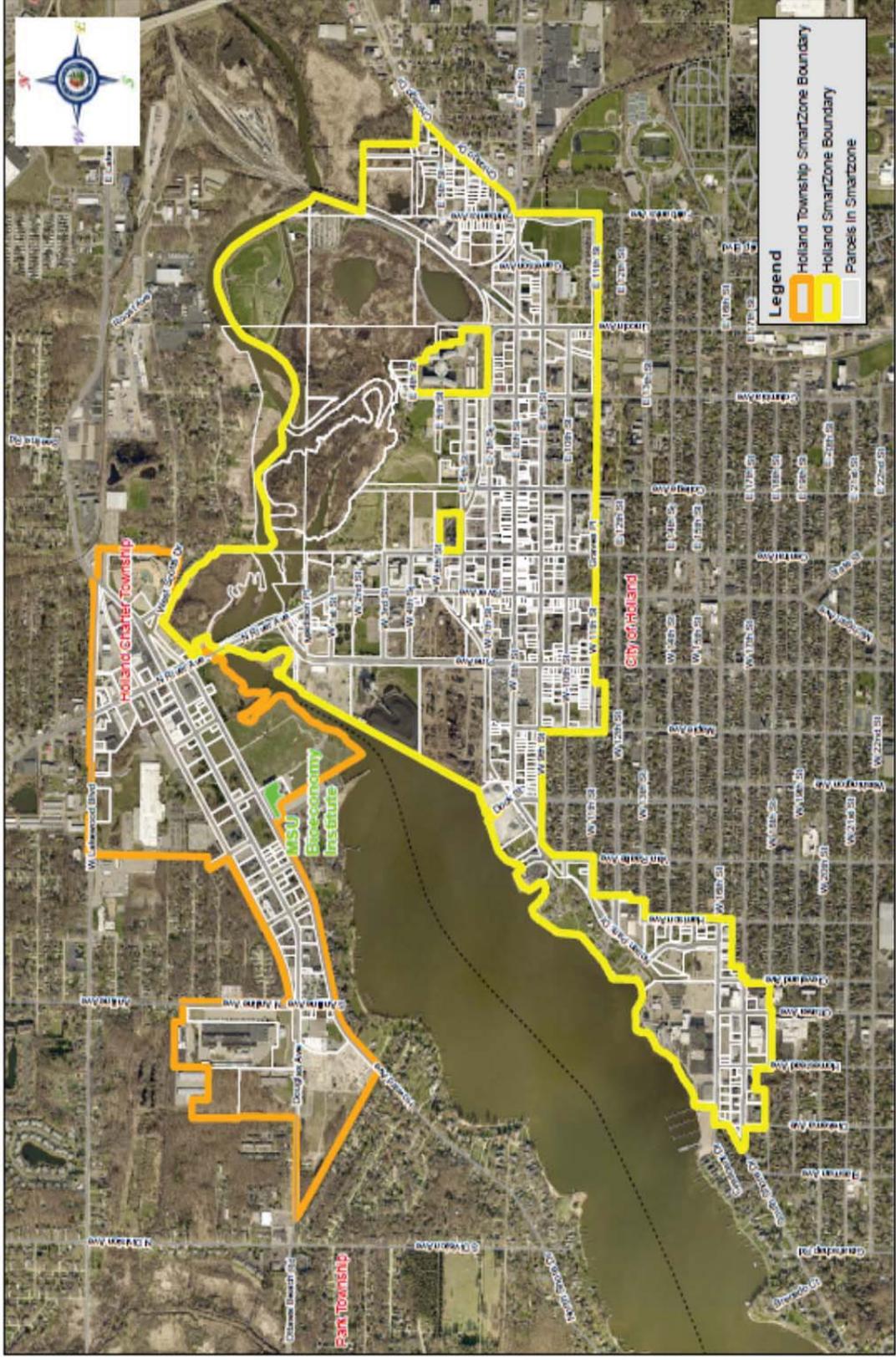
Beginning at the intersection of the East line of Columbia Avenue and the North line of 7<sup>th</sup> Street; thence North along said East line of Columbia Avenue to the South line of 4<sup>th</sup> Street; thence East along said South line of 4<sup>th</sup> Street to the Northeast corner of Parcel 16-29-276-022; thence Southeasterly, South, and East along the Easterly lines of said Parcel 16-29-276-022 to the Southwest corner of Parcel 16-29-278-010; thence East to the West line of Lincoln Avenue; thence South along said West line of Lincoln Avenue to the North line of 7<sup>th</sup> Street; thence West along said North line of 7<sup>th</sup> Street to the East line of Columbia Avenue and the place of beginning. (Contains Parcels 16-29-276-022, 16-29-276-024, and 16-29-276-025.)

ALSO EXCEPT:

Beginning at the intersection of the East line of Central Avenue and the North line of 6<sup>th</sup> Street; thence North along said East line of Central Avenue to the South line of 5<sup>th</sup> Street's Easterly extension; thence East to the Northeast corner of Downtown Place Condominium, Ottawa County Condominium Subdivision Plan No. 388; thence South approximately 149 feet, East approximately 10 feet, and South approximately 115 feet along the Easterly lines of said Downtown Place Condominium to the North line of 6<sup>th</sup> Street; thence West along said North line of 6<sup>th</sup> Street to the East line of Central Avenue and the place of beginning.

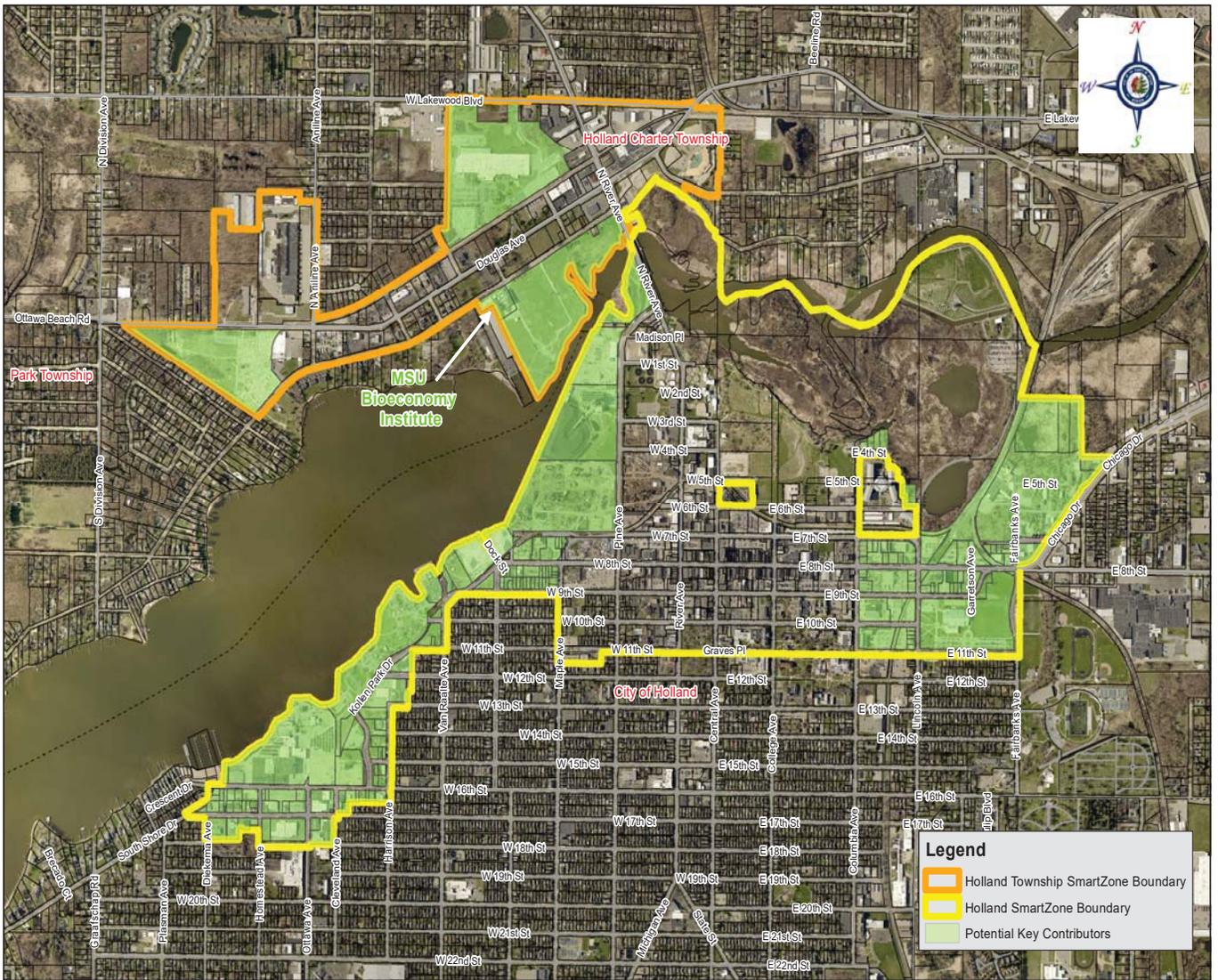
# The SmartZone<sup>SM</sup> Boundary Map

## Holland SmartZone



Prepared by the Ottawa County Planning & Performance Improvement Department (10/22/2014)

# Holland SmartZone



Prepared by the Ottawa County Planning & Performance Improvement Department (12/10/2015)

## **APPENDIX C**

### Revenue Commitment Letters

**MICHIGAN STATE**  
**UNIVERSITY**

December 16, 2014

Ms. Jennifer Owens, President  
Lakeshore Advantage  
201 West Washington Avenue, Loft 410  
Zeeland, Michigan 49464

Dear Jennifer,

Michigan State University is pleased to support the efforts of the Holland region to create a Local Development Funding Authority and SmartZone. As a satellite of the Grand Rapids SmartZone, with which MSU is already affiliated, the envisioned Holland SmartZone will promote important regional synergies in West Michigan economic development and permit an extended lifetime for the Grand Rapids effort.

Today, the MSU Bioeconomy Institute is attracting high technology firms to its "proof of concept" chemical production facility from across Michigan and the nation, including spin-offs and licensees from Cal Tech, the University of Minnesota, the University of Maryland, the University of California at Davis, and MSU itself. Between April and September of 2014, the Institute produced more than eighteen metric tons of specialty chemical products for its clients. Hence, as an anchor institution, the Institute will permit the new SmartZone to "hit the ground running" within the bioeconomy sphere, while supporting new regional efforts in additional economic sectors, such as information technology.



**Office of the  
President**

Hannah Administration Building  
426 Auditorium Road, Room 450

East Lansing, MI 48824

517-355-6560

Fax: 517-355-4670  
president.msu.edu

Contingent upon the Holland SmartZone receiving all needed legal and administrative approvals from the State of Michigan, the MSU Bioeconomy Institute will provide from its client firm revenues two cash subventions: \$75,000 in 2015 and again in 2016, for a total of \$150,000 in cash support. It is our understanding that these funds will be counted towards the five-year, \$1,000,000 total matching requirement that has been put in place for new SmartZones by the Michigan Economic Development Corporation.

Please accept our best wishes for this important endeavor.

Handwritten signature of Lou Anna K. Simon.

Lou Anna K. Simon, Ph.D.  
President

Handwritten signature of Dr. Paul M. Hunt.

Dr. Paul M. Hunt  
Senior Associate Vice President  
for Research & Grad. Studies

MSU is an affirmative-action,  
equal-opportunity employer.



## GRANT ACCEPTANCE AGREEMENT

This grant to your organization from The Community Foundation of the Holland/Zeeland Area (CFHZ) is for the explicit purpose described in this agreement. **To accept the grant and to be eligible to receive the funds, please sign and return the original copy of this agreement to the Foundation.**

DATE AUTHORIZED: September 10, 2014

GRANTEE: **Lakeshore Advantage**

AMOUNT: \$115,000 over a three year period according to the following schedule:

- Payment 1: \$40,000 on December 1, 2015
- Payment 2: \$40,000 on December 1, 2016
- Payment 3: \$35,000 on December 1, 2017

GRANT PURPOSE: Holland SmartZone Start Up

CONTACT: Jennifer Owens

SPECIAL CONDITIONS: Documentation from MEDC affirming that the Holland SmartZone application has been received and is in line to be designated as a SmartZone with replacement of education tax capture is required before any funds will be released. If no funds have been released by January 1, 2016, the grant request must be resubmitted.

**The Community Foundation of the Holland/Zeeland Area (The Foundation) is awarding this grant to you as the Grantee contingent upon the following:**

I. **Publicity**

*Compliance with the publicity requirements of this grant agreement is required to retain the grant and eligibility for future funding through the Community Foundation. Such publicity strengthens the Community Foundation, enabling it to increase future grant-making opportunities in our area.*

A. ACKNOWLEDGMENT OF FUNDING SOURCE

The Community Foundation of the Holland/Zeeland Area should be acknowledged as a funding source in printed materials, speeches, interviews, newsletters, brochures, and news releases. We will provide you with the CFHZ logo for use in these materials as well. Please use the sentence below to describe the source of funding:

*This program/project is made possible by a grant from  
The Community Foundation of the Holland/Zeeland Area.*

B. NEWS RELEASE

*At a time that is appropriate for your initiative,* we encourage you to submit a news release to local media announcing the grant award and share any coverage of your grant funded project/program with the Community Foundation.

C. ORGANIZATIONAL NEWSLETTER/PUBLICATIONS

If you have a newsletter or other print or digital publications, we encourage you to share news of the Community Foundation grant with your constituency and to send a copy to the Community Foundation.

D. PHOTOGRAPHS/ENDORSEMENT QUOTE

Photos and quotes from staff and/or program participants are extremely helpful to CFHZ in telling the story of your grant in our communications. Please share photos and quotes at your earliest convenience via email if possible. Electronic formats are strongly preferred. *If the nature of your project/program limits your ability to provide photographs or quotes, please let us know.*

E. ALL OTHER PUBLICITY

In your organization's other descriptions or promotion of the funded program/project, including speeches and social media, we ask that you acknowledge The Community Foundation of the Holland/Zeeland Area as a source of funding. We welcome you to share this coverage with the Community Foundation.

II. **Grant Payment Conditions**

*Payments will be made as scheduled following completion of the due diligence process, board approval of the grant and upon receipt of this signed grant acceptance agreement. Interim written reports and in-person presentations to the Distribution Committee must occur prior to the release of the November 1, 2015 and November 1, 2016 payments.*

III. **Use of Funds**

Because you are not currently recognized by the Internal Revenue Service as a public charity as described in sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986 as amended (the "Code"), the Foundation will require that all grant funds must be kept segregated continuously in a separate fund dedicated to the purposes of the grant, and no part of this grant may be used for your general support or general purposes. Thus, The Foundation must (i) see that the grant is spent solely for the purposes for which made; (ii) obtain full and complete reports from you on how the funds are spent; and (iii) make full and detailed reports with respect to such expenditures as requested by the Internal Revenue Service. By accepting this grant, you agree to cooperate fully with The Foundation to assure that these goals are met.

If the grant is intended to support a specific project or to provide general support for a specific period, any portion of the grant unexpended at the completion of the project or the end of the period shall be returned immediately to The Foundation. You may not expend any grant funds for any political or lobbying activity or for any purpose other than one specified in section 170(c)(2)(b) of the Code. No benefits shall accrue from any grant to any staff member or related party. Further, no benefit from any grant shall accrue to any advisor, volunteer, donor or related parties

IV. **No Assignment or Delegation**

You may not assign, or otherwise transfer, your rights or delegate any of your obligations under this grant without prior written approval from The Foundation.

V. **Records and Reports**

You are required to keep a record of all receipts and expenditures relating to this grant and to provide The Foundation with a written report summarizing the project promptly following the end of the period during which you are to use all grant funds. Your reports should describe your progress in achieving the purposes of the grant and include a detailed accounting of the uses or expenditure of all grant funds. You also agree to provide any other information reasonably requested by The Foundation. If your organization obtains any audited financial statements covering any part of the period of this grant, please provide a copy to The Foundation as well. You are required to keep the financial records with respect to this grant, along with copies of any reports submitted to The Foundation, for at least four years following the year in which all grant funds are fully expended.

Interim written reports are due 12 months and 24 months from the date of this agreement and interim in-person presentations to the Community Foundation's Distribution Committee updating them on the program's progress will be scheduled in the third quarters of 2015 and 2016.

A final written report is due 36 months from the date of this agreement and a final in-person presentation to the Community Foundation's Distribution Committee updating them on the program will be scheduled in the third quarter of 2017.

Any special circumstances or changes regarding the grant should be communicated to Elizabeth Kidd, Vice President of Community Impact at the Foundation as soon as possible. Written reports and in-person presentations should include

financial and programmatic updates as well as indicate progress toward program outcomes as measured by the metrics indicated in the grant proposal.

VI. **Required Notification**

You are required to provide The Foundation with immediate written notification of: (1) any changes in your organization's tax-exempt status; (2) your inability to expend the grant for the purposes described in the grant award letter; or (3) any expenditure from this grant made for any purpose other than those for which the grant was intended.

VII. **Reasonable Access for Evaluation**

You will permit The Foundation and its representatives, at its request, to have reasonable access during regular business hours to your files, records, accounts, personnel and clients or other beneficiaries for the purpose of making such financial audits, verifications or program evaluations as The Foundation deems necessary or appropriate concerning this grant award.

VIII. **Right to Modify or Revoke**

The Foundation reserves the right to discontinue, modify or withhold any payments to be made under this grant award or to require a total or partial refund of any grant funds if, in The Foundation's sole discretion, such action is necessary: (1) because you have not fully complied with the terms and conditions of this grant; (2) to protect the purpose and objectives of the grant or any other charitable activities of The Foundation; or (3) to comply with the requirements of any law or regulation applicable to you, of The Foundation or this grant.

If The Foundation does not receive a signed copy of this grant agreement back within 28 days after the date of The Foundation's grant award letter, this grant may be revoked.

The undersigned certify that they are duly elected and authorized officers of the Grantee and that, as such, are authorized to accept this grant on behalf of the Grantee, to obligate the Grantee to observe all of the terms and conditions placed on this grant, and in connection with this grant to make, execute and deliver on behalf of the Grantee all grant agreements, representations, receipts, reports and other instruments of every kind.

**ACCEPTED AND AGREED TO:**

\_\_\_\_\_  
**Signature**, President, Board of Directors

\_\_\_\_\_  
**Print Name**, President, Board of Directors

DATE \_\_\_\_\_

\_\_\_\_\_  
**Signature**, Executive Director

\_\_\_\_\_  
**Print Name**, Executive Director

DATE \_\_\_\_\_



GENERAL GRANT TERMS, CONDITIONS AND UNDERSTANDINGS FOR  
EXPENDITURES BY NON-501(C)(3) ORGANIZATIONS

A grant to your organization from The Community Foundation of the Holland/Zeeland Area is being considered for the purpose named below. **To accept the grant and to be eligible to receive the funds, please sign and return the original copy of this agreement to the Foundation.**

**DATE:** September 15, 2014

**GRANTEE:** Lakeshore Advantage  
201 West Washington Ste 410  
Zeeland, MI 49464

**AMOUNT & PURPOSE:** Up to \$235,000 over a five year period to the extent it is necessary to meet the \$200,000 minimum annual start up requirement for the Holland SmartZone with an annual review after year three.

**CONDITIONS:** Documentation from MEDC affirming that the Holland SmartZone application has been received and is in line to be designated as a SmartZone with replacement of education tax capture is required before any funds will be released. If no funds have been released by January 1, 2016, the grant request must be resubmitted.

**The Community Foundation of the Holland/Zeeland Area (The Foundation) is awarding this grant to you as the Grantee contingent upon the following:**

**ACKNOWLEDGMENT OF FUNDING SOURCE**

In any printed listing of contributions to your organization, please acknowledge that this grant came from:

*HEDCOR Community Fund for Economic Development*  
at The Community Foundation of the Holland/Zeeland Area.

**PAYMENT OF GRANT**

Payment will be made following completion of the due diligence process, board approval of the grant and upon receipt of this signed grant acceptance agreement.

**USE OF FUNDS**

Because you are not currently recognized by the Internal Revenue Service as a public charity as described in sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code of 1986 as amended (the "Code"), the Foundation will require that all grant funds must be kept segregated continuously in a separate fund dedicated to the purposes of the grant, and no part of this grant may be used for your general support or general purposes. Thus, The Foundation must (i) see that the grant is spent solely for the purposes for which made; (ii) obtain full and complete reports from you on how the funds are spent; and (iii) make full and detailed reports with respect to such expenditures as requested by the Internal Revenue Service. By accepting this grant, you agree to cooperate fully with The Foundation to assure that these goals are met.

If the grant is intended to support a specific project or to provide general support for a specific period, any portion of the grant unexpended at the completion of the project or the end of the period shall be returned immediately to The Foundation. You may not expend any grant funds for any political or lobbying activity or for any purpose other than one specified in section 170(c)(2)(b) of the Code. No benefits shall accrue from any grant to any staff member or related party. Further, no benefit from any grant shall accrue to any advisor, volunteer, donor or related parties

**NO ASSIGNMENT OR DELEGATION**

You may not assign, or otherwise transfer, your rights or delegate any of your obligations under this grant without prior written approval from The Foundation.

**RECORDS AND REPORTS**

You are required to keep a record of all receipts and expenditures relating to this grant and to provide The Foundation with a written report summarizing the project promptly following the end of the period during which you are to use all grant funds. The Foundation may also require interim reports. Your reports should describe your progress in achieving the purposes of the grant and include a detailed accounting of the uses or expenditure of all grant funds. You also agree to provide any other information reasonably requested by The Foundation. If your organization obtains any audited financial statements covering any part of the period of this grant, please provide a copy to The Foundation as well. You are required to keep the financial records with respect to this grant, along with copies of any reports submitted to The Foundation, for at least four years following the year in which all grant funds are fully expended.

**REQUIRED NOTIFICATION**

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**REASONABLE ACCESS FOR EVALUATION**

You will permit The Foundation and its representatives, at its request, to have reasonable access during regular business hours to your files, records, accounts, personnel and clients or other beneficiaries for the purpose of making such financial audits, verifications or program evaluations as The Foundation deems necessary or appropriate concerning this grant award.

**RIGHT TO MODIFY OR REVOKE**

The Foundation reserves the right to discontinue, modify or withhold any payments to be made under this grant award or to require a total or partial refund of any grant funds if, in The Foundation's sole discretion, such action is necessary: (1) because you have not fully complied with the terms and conditions of this grant; (2) to protect the purpose and objectives of the grant or any other charitable activities of The Foundation; or (3) to comply with the requirements of any law or regulation applicable to you, of The Foundation or this grant.

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**ACCEPTED AND AGREED TO:**

\_\_\_\_\_  
**Signature**, Chair, Board of Directors                      **Print Name**, Chair, Board of Directors                      DATE \_\_\_\_\_

\_\_\_\_\_  
**Signature**, President    **Print Name**, President    DATE \_\_\_\_\_