



Holland SmartZone Local Development Authority
Board of Directors Meeting
Wednesday, March 18 @ 12:00 PM
Holland City Hall / 270 N. River / Council Chambers

Members:	Joseph Baumann, Peter Beukema, Marcia Bishop, Brian Burch, Vince Bush, Mayor Kurt Dykstra, Craig Hall, Ann Harten, Paul Hunt, Mat Nguyen, Mary Remenschneider, Randall Schipper
Ex-Officio Members:	Ryan Cotton, Mark Knudsen, Dana Kollewehr, Don Komejan, Scott Spoelhof, Roselyn Zator
Lakeshore Advantage Staff:	Bruce Adair, Angela Huesman, Jennifer Owens
Copies To:	City of Holland, Township Clerk, Ottawa County Clerk

Agenda

- | | | |
|----|---|----------------|
| 1. | Call to Order | Craig Hall |
| 2. | Public Comment | Craig Hall |
| 3. | Approval of Minutes | Randy Schipper |
| 4. | Review SmartZone Plan and TIF Plan Red-Line Documents | Jennifer Owens |
| 5. | Entrepreneurial Landscape Presentation, Long Performance Advisors | Mark Long |
| 7. | Adjournment | Craig Hall |

Next Meeting – April 15, 2015
Holland Charter Township Office
353 North 120th / Board Room



**Holland SmartZone Local
Development Authority (LDFA)
Board of Directors Meeting
Holland Charter Township
353 N 120th Ave, Holland, MI
Minutes of December 17, 2014**

Members Present: Joseph Baumann, Marcia Bishop, Brian Burch, Vince Bush, Mayor Kurt Dykstra, Ann Harten, Randall Schipper

Ex-Officio Members Present: Ryan Cotton, Don Komejan, Roselyn Zator

Absent: Peter Beukema, Craig Hall, Paul Hunt, Matt Nguyen, Mary Remenschneider, Scott Spoelhof

Lakeshore Advantage Staff: Bruce Adair, Angela Huesman, Jennifer Owens

Others: Meghann Reynolds, Ronald VanderVeen

Copies to: City of Holland Clerk, Holland
Township Clerk, Ottawa County Clerk

1. Change of Agenda

Vice Chair Dykstra asked to rearrange the agenda to hear

presentation from Ron VanderVeen.

2. Overview of Freedom of Information Act and Open Meetings Act

Ron VanderVeen, Holland City Attorney, gave an overview and handout of the Open Meetings Act and Freedom of information Act.

3. Call to Order

Meeting was called to order at 12:36 pm, a quorum was present.

4. Public Comment

Vice Chairperson Dykstra asked if there were any public comments at this time. There being none, he moved to the first order of business.

5. Approval of Minutes

Motion made by Brian Burch to approve minutes from LDFA Board meeting held 11/19/14. Approved by Joe Baumann.

Motion unanimously approved

6. Review and Approval of SmartZone Plan and TIF Plan

LDFA board cannot approve plans until legislation for new SET capture has been approved through legislature.

Vice Chairperson Dykstra asked for a redline document to be sent for further review and consideration.

Marcia Bishop asked about the relationship of the planned MSU BioResearch Center in Grand Rapids and the MSUBI. Does this create a competitive landscape?

Jennifer Owens replied that Jerry Kooiman from MSU College of Human Medicine has endorsed the formation of the Satellite SmartZone and sees the potential collaboration between sites as a positive.

7. Review of In-Kind and Financial Support Documents

Jennifer Owens presented information about committed financial support for the start up of the Holland Satellite SmartZone. Documents were reviewed.

**Motion to adjourn the meeting at 1:25 PM was given by Ann Harten, approved by Marcia Bishop.
Motion unanimously approved.**

Respectfully Submitted,



Randal Schipper
LDFA Secretary

TAX INCREMENT FINANCING PLAN AND DEVELOPMENT PLAN

HOLLAND SATELLITE SMARTZONE

December, 2014

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**LOCAL DEVELOPMENT FINANCE AUTHORITY OF
HOLLAND
COUNTY OF OTTAWA
STATE OF MICHIGAN**

**TAX INCREMENT FINANCING AND DEVELOPMENT PLAN
FOR THE HOLLAND SATELLITE SMARTZONE**

Section I. Introduction

Pursuant to Act 281 of 1986, the Holland Local Development Finance Authority (the "LDFA") was established in September 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 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. 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. ~~develop high technology business incubators, market the area to attract high tech businesses and improve property.~~** For the initial term, the LDFA board members consist of:

- City of Holland Appointments:
 - Kurt Dykstra - Mayor/Community President, City of Holland/Mercantile Bank (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 **Commissioner** (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)
 - Mary Remenschneider - 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 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 bioeconomy cluster will stimulate collaboration between Michigan State University, industry, research organizations, government and other community organizations with the objective of growing technology based businesses. Lake-Shore Advantage will work closely with the Michigan State University Bioeconomy Institute ("MSUBI") to fill a critical gap in this technology cluster by specializing in the field of chemistry with new company incubation, early stage acceleration and scale-up production capability. This collaboration will promote economic development and increase high technology jobs within the Holland SmartZone and surrounding region. Over the 15 year period, it is anticipated to create approximately **50 new companies and 200 new jobs** ~~330 new jobs and about 186 new businesses/tenants.~~

The Holland SmartZone Satellite will initially be administered by Lakeshore Advantage and ~~is~~ hosted by the Grand Rapids SmartZone. This relationship will facilitate ~~form a~~ regional cooperation creating ~~which creates~~ a dynamic partnership throughout Western Michigan. Together the SmartZones 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 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 and coordinate the program needs with the LDFA and the SmartZone 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 **\$XXX-\$1.3M**. The anticipated revenue is approximately \$6.4M which includes \$621.5K from captured SET, \$4.6M 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	\$8,000 \$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 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 was created as a satellite under the Grand Rapids SmartZone. The two SmartZones 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 businesses. ~~This designation will~~ 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. The designation of the Holland SmartZone District will make available both Lakeshore Advantage’s TechVenture Incubator, New North Center and the BioBusiness Accelerator at the Michigan State University Bioeconomy Institute. The Institute is located within the Holland LDFA District and has extensive facilities and equipment. MSUBI has unique specialties that will assist in the creation and growth of high technology businesses benefiting “clients” of both the Grand Rapids Authority and the Holland Authority. Grand Rapids will also be able to refer clients to the ~~laboratory and other~~ resources available at Michigan State University Bioeconomy Institute.

MSUBI is becoming the region's leader in green chemistry ~~“proof of concept” production~~. It will be the hub of the Holland SmartZone 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 resources~~ 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. Lakeshore Advantage will administer the SmartZone for a minimum of five years and will be responsible for maintaining a relationship between all of the ~~collaborators partners~~ (Grand Rapids SmartZone, 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.

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 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~~ies~~. 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 may~~ 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.~~
 - (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 have been established with focus on the challenged areas.

The Holland SmartZone Satellite and associated tax capture will complement the improvement activities already planned in Holland. Additionally, the SmartZone will set the stage for MSUBI to fill a critical gap in the bioeconomy industry by specializing in the field of chemistry, new company 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 should help entrepreneurial high tech “apples” to fall close to the MSUBI “tree” that validated them. Much has been invested in the Michigan State University Bioeconomy Institute but it needs to be taken further. MSUBI has the necessary components to become a center of excellence in the bioeconomy field but has not been used to its fullest capacity. The SmartZone will foster this.~~

Economic data reinforces the need for a coordinated, strategic set of community priorities to help area companies and the community remain competitive. The strong support for start-up and acceleration of early stage businesses that will be part of the SmartZone, 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 will be a regional

cooperation which creates a dynamic partnership throughout Western Michigan. Together the SmartZones will provide complimentary services that which will expand the assistance available to new and emerging high technology businesses.

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

The base year of this plan is 2014. Beginning in 2015, the Holland LDFA will capture 50% of the ~~state, county and local tax State Education Tax~~ operating levies on all new and incremental growth from the initial assessed value on the parcels within the SmartZone 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 October 8, 2014. 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 property of parcels within the SmartZone boundaries.

Table 2. 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	76,580,779	19,295,741	Base	3
1	2015	77,346,587	19,488,698	958,765	2,876
2	2016	78,120,053	19,683,585	1,927,118	5,781
3	2017	79,291,853	19,978,839	3,394,173	10,183
4	2018	80,481,231	20,278,522	4,883,233	14,650
5	2019	82,090,856	20,684,092	6,898,428	20,695
6	2020	83,732,673	21,097,774	8,953,927	26,862
7	2021	85,407,326	21,519,730	11,050,536	33,152
8	2022	87,115,473	21,950,124	13,189,077	39,567
9	2023	88,857,782	22,389,127	15,370,389	46,111
10	2024	90,634,938	22,836,909	17,595,327	52,786
11	2025	92,447,637	23,293,647	19,864,764	59,594
12	2026	94,296,590	23,759,520	22,179,590	66,539
13	2027	96,182,521	24,234,711	24,540,712	73,622
14	2028	98,106,172	24,719,405	26,949,057	80,847
15	2029	100,068,295	25,213,793	29,405,568	88,217
				Total	621,482

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 boundaries **depending on local Tax Increment Financing Districts that may be subsequently created since** the local capture for the SmartZone will occur after any capture for Brownfield Redevelopment and/or Downtown Development Authority. The total **anticipated-potential** local capture is \$4.6M.

Table 3. Estimated SmartZone Local Capture Tax Increment Revenue

Program Year	Fiscal Year	City Property	City Captured Value	Township Property	Township Captured Value	City Mills @ 50%	Township Mills @ 50%	Total Local Capture
	Base	76,580,779	Base	19,295,741	Base	22.74255	21.21495	
1	2015	77,346,587	765,808	19,488,698	192,957	17,416	4,094	21,510
2	2016	78,120,053	1,539,274	19,683,585	387,844	35,007	8,228	43,235
3	2017	79,291,853	2,711,074	19,978,839	683,098	61,657	14,492	76,149
4	2018	80,481,231	3,900,452	20,278,522	982,781	88,706	20,850	109,556
5	2019	82,090,856	5,510,077	20,684,092	1,388,351	125,313	29,454	154,767
6	2020	83,732,673	7,151,894	21,097,774	1,802,033	162,652	38,230	200,882
7	2021	85,407,326	8,826,547	21,519,730	2,223,989	200,738	47,182	247,920
8	2022	87,115,473	10,534,694	21,950,124	2,654,383	239,586	56,313	295,898
9	2023	88,857,782	12,277,003	22,389,127	3,093,386	279,210	65,626	344,836
10	2024	90,634,938	14,054,159	22,836,909	3,541,168	319,627	75,126	394,753
11	2025	92,447,637	15,866,858	23,293,647	3,997,906	360,853	84,815	445,668
12	2026	94,296,590	17,715,811	23,759,520	4,463,779	402,903	94,699	497,602
13	2027	96,182,521	19,601,742	24,234,711	4,938,970	445,794	104,780	550,574
14	2028	98,106,172	21,525,393	24,719,405	5,423,664	489,542	115,063	604,605
15	2029	100,068,295	23,487,516	25,213,793	5,918,052	534,166	125,551	659,717
	Total					3,763,194	884,523	4,647,673

(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 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 **October 8, 2014**. The total assessed value, as of that date, was \$95,876,520. 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 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 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 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 be currently expected to~~ consist of funding a SmartZone director, other labor, marketing, attraction, support services, and general expenses for Lakeshore Advantage to manage the SmartZone 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 (See Sec III(1)(g).) Should the LDFA believe that these Administrative Expenses will exceed the private funds raised for the SmartZone and wish to utilize revenues from the SmartZone TIF capture for Administrative Expenses, the LDFA will prepare and approve a detailed budget of the Administrative Expenses seeking to utilize the SmartZone 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 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 ~~\$XXM~~ (excluding pre-plan expenses). The potential anticipated revenue is approximately \$6.4M (excluding pre-plan revenue). The revenue will consist of \$621.5K from captured SET, \$4.6M 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 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 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 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	Township Property	Total Captured Value	City Mills @ 50%	Township Mills @ 50%	Total Local Capture	SET @ 3 mills	Total Tax Capture
	Base	76,580,779	19,295,741	Base	22.74255	21.21495		3	
1	2015	77,346,587	19,488,698	958,765	17,416	4,094	21,510	2,876	24,386
2	2016	78,120,053	19,683,585	1,927,118	35,007	8,228	43,235	5,781	49,016
3	2017	79,291,853	19,978,839	3,394,173	61,657	14,492	76,149	10,183	86,331
4	2018	80,481,231	20,278,522	4,883,233	88,706	20,850	109,556	14,650	124,206
5	2019	82,090,856	20,684,092	6,898,428	125,313	29,454	154,767	20,695	175,462
6	2020	83,732,673	21,097,774	8,953,927	162,652	38,230	200,882	26,862	227,744
7	2021	85,407,326	21,519,730	11,050,536	200,738	47,182	247,920	33,152	281,072
8	2022	87,115,473	21,950,124	13,189,077	239,586	56,313	295,898	39,567	335,466
9	2023	88,857,782	22,389,127	15,370,389	279,210	65,626	344,836	46,111	390,948
10	2024	90,634,938	22,836,909	17,595,327	319,627	75,126	394,753	52,786	447,539
11	2025	92,447,637	23,293,647	19,864,764	360,853	84,815	445,668	59,594	505,262
12	2026	94,296,590	23,759,520	22,179,590	402,903	94,699	497,602	66,539	564,140
13	2027	96,182,521	24,234,711	24,540,712	445,794	104,780	550,574	73,622	624,196
14	2028	98,106,172	24,719,405	26,949,057	489,542	115,063	604,605	80,847	685,452
15	2029	100,068,295	25,213,793	29,405,568	534,166	125,551	659,717	88,217	747,934
	Total				3,763,194	884,523	4,647,673	621,482	5,269,155

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

The SmartZone 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. The SmartZone district is described in [Appendix B](#).

(1)(k) Jobs Created

As shown in [Table 5](#), the total jobs created due to the SmartZone program is anticipated to be about 332. 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 3:1 for the company to job creation formula was used.

Table 5. Jobs Created from the Proposed SmartZone.

	2015	2016	2017	2018	2019	2020-25	2026-30	Total
Total Jobs Created	10	20	25	30	25	50	110	445
New Businesses/Tenants	5	10	15	20	25	40	50	165

(1)(l) Boundaries

The SmartZone 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 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 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 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 which will serve as the hub of the SmartZone. 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 boundaries.

(2)(d) and (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 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 gets established **in order** to attract companies **and technology development professionals** to the Holland area and accommodate growth **of new technologies**. ~~The funding for the construction is not currently planned to come from the tax capture revenue. To the extent possible, the site infrastructure work will be handled by the City of Holland and Holland Charter Township with funding from outside of this plan.~~ Lakeshore Advantage and the Holland LDFA will work closely with the City of Holland and Holland Charter Township to coordinate efforts between the SmartZone and the appropriate **investors and municipalities**.

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

Industrial acquisition and site infrastructure improvements ~~may be~~ **will be mainly** financed with **this funds other than** tax capture. ~~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 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. ~~Minimal road and utility improvements may be necessary as the SmartZone matures.~~ 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 ~~are not currently incorporated in this plan and~~ will require **a budget revision as if** they become necessary.

(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 ~~not anticipated~~. ~~Minor improvements may be necessary as the SmartZone matures. These 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 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 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) through (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, a regional cooperation will create a dynamic partnership of cross-collaboration and sharing of services. The Holland SmartZone Satellite will become a center of excellence for the emerging bioeconomy.

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 bioeconomy. 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 ~~to provide~~ing incubator and acceleration support. To facilitate this, Holland will work closely with the Grand Rapids SmartZone to ~~make decisions about how assure that~~ the SmartZone programs ~~will~~ complement each other ~~and are not redundant~~. The SmartZone 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 and business incubator operations such as the number of business assisted, number of businesses locating or expanding in the SmartZone, number of jobs created/retained, number of ongoing and completed commercialization projects, and amount of investments in the SmartZone. 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.

An annual report will be prepared to summarize the significant accomplishments ~~that which~~ 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 SmartZones 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 which~~ 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~~ ~~required~~, 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

Insert P&L Statement

Complete after SmartZone Plan is finalized. Statement needs to be itemized by each year .

APPENDIX B

Property Description and Map

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 11th Street; thence West along said South line of 11th 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 9th Street; thence West along said South line of 9th Avenue to the East line of Van Raalte Avenue; thence South along said East line of Van Raalte Avenue to the South line of 11th Street; thence West approximately 444 feet along said South line of 11th 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 13th Street; thence West approximately 200 feet along said South line of 13th 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 17th 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 18th Street; thence West approximately 366 feet along said centerline of 18th 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 18th Street; thence West approximately 688 feet along said South line of 18th 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 17th Street; thence West approximately 236 feet along said South line of 17th 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 16th Street; thence East along said North line of 16th 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 11th Street and the place of beginning.

EXCEPT:

Beginning at the intersection of the East line of Columbia Avenue and the North line of 7th Street; thence North along said East line of Columbia Avenue to the South line of 4th Street; thence East along said South line of 4th 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 7th Street; thence West along said North line of 7th 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 6th Street; thence North along said East line of Central Avenue to the South line of 5th 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 6th Street; thence West along said North line of 6th Street to the East line of Central Avenue and the place of beginning.

APPENDIX C

Revenue Commitment Letters

Insert Commitment letters

Proposal for 2014 SmartZone Satellite

Lead Municipalities

Mayor Kurt Dykstra
City of Holland City Hall
270 S. River Ave
Holland, MI 49423
Phone: 616-355-1311
E-mail: mayor@cityofholland.com

Signature: _____

Date: _____

Don Komejan, Township Manager
Holland Charter Township
353 North 120th Ave.
Holland, MI 49424
Phone: 616-396-2345
Fax: 616-396-2537
E-mail: manager@hct.holland.mi.us

Signature: _____

Date: _____

Jim Holtrop, Chairperson
Ottawa County Board of Commissioners
3046 Country Court
Hudsonville, MI 49426-1572
Phone: 616-669-6523
E-mail: jholtrop@miottawa.org

Signature: _____

Date: _____

Point of Contact (Authorized Party)

Jennifer Owens, President
Lakeshore Advantage
201 W. Washington Ave. Loft 410
Zeeland, MI 49464
Phone: 616-772-5226
Cell: 616-510-6982
Email: jennifer.owens@lakeshoreadvantage.com

Signature: _____

Date: _____

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Business Plan

A) Executive Summary

Understanding Between the Parties

In accordance with The Local Development Finance Act, Act 281 of the Public Acts of Michigan of 1986, as Amended, The City of Grand Rapids, the Grand Rapids SmartZone and the Holland Local Development Finance Authority, having explored the benefits of cooperating in the formation of a Holland SmartZone Satellite, have agreed to proceed with an application. The regions share complimentary and supporting services critical to the growth of high tech entrepreneurial and early stage acceleration for companies ~~in the Biosciences and Bioeconomy~~. The creation of a Satellite will expand the region's capacity to incubate and accelerate new businesses and ~~creating~~ jobs in high tech fields.

The focal point of collaboration can be illustrated by the Grand Rapids SmartZone's GR Current and the Holland SmartZone Satellite's Michigan State University Bioeconomy Institute ("MSUBI"). GR Current has developed an incubator with emphasis on medical devices and related ~~biosciences~~. The MSUBI is developing a position as the regions ~~state's leader-ing in public~~ "green chemistry" ~~production facility, with an emphasis on the~~ ~~acceleration~~ of early stage companies needing scale-up capabilities.

The closely related functions of the programs ~~creates a significant benefit to considerable potential for~~ collaboration. ~~and~~ ~~†~~The programs do not significantly overlap each other regarding the sectors they support. At the same time, the sectors do share similar ~~features and~~ requirements to incubate and accelerate early stage companies in an entrepreneurial eco-system that facilitates successful transitions to self-sustaining status.

The Holland SmartZone Satellite recognizes the clear benefit, in association with the City of Grand Rapids SmartZone, in extending the reach of the Satellite and gaining from Grand Rapids' experience and programming for the development of high tech entrepreneurs. Together, the SmartZone's ~~s will~~ strengthen the high tech eco-system in the ~~B~~biosciences and the ~~B~~bioeconomy. The region can be further strengthened by capitalizing on the NewNorth Center for Design in Business ~~to help~~ ~~helping~~ those in the sciences understand the most advanced modeling in business development. Further, the addition of the MSUBI wet lab space offers ~~a place for~~ incubator clients ~~a place to which to~~ "graduate" ~~to~~ while continuing development of their science and business model.

Legislation

HOLLAND SMARTZONE LOCAL DEVELOPMENT FINANCE AUTHORITY (the Holland Authority), a statutory authority created by the City of Holland (Holland), a Michigan municipal corporation, and Holland Charter Township (Holland Township), a Michigan charter township, pursuant to the The Local Development Financing Act, Act 281 of the Public Acts of Michigan of 1986, as amended (Act 281).

Unique Characteristics and Specialties offered by the Satellite

¶

MSUBI offers a ~~capability resource~~ unique in the Midwest. While the physical scale-up plant is of critical value, the resident expertise of the plant operators and consulting chemists provides a full

menu of services. ~~Our~~ MSUBI experience has shown that many entrepreneurs working in the sciences may be able to create a novel material on the bench, but have no idea what will happen when scaled, ~~nor~~ what it will take to get to production quantities. MSUBI offers exactly that capability. The combination of high tech support and the scale up capabilities offers entrepreneurs a fertile atmosphere for incubation and acceleration. ~~The MSUBI capability has been recognized with an i6 Green Challenge "Proof of Concept Cetner" award from the Economic Development Administration in the U.S. Department of Commerce, a national, merit-reviewed competition.~~

Benefits to Regional Cooperation and Collaboration



The City of Grand Rapids SmartZone and the Holland SmartZone Satellite agree to joint marketing of the region related to the Biosciences and Bioeconomy, providing crossover support for incubator clients and acceleration of early stage companies. This will benefit the region with new companies and additional jobs.

Added Value to the Mission of Grand Rapids SmartZone

~~The designation of the Holland Authority District as a SmartZone Satellite District adds value and economy to the Grand Rapids Authority's mission by (a) enabling greater joint marketing of the West Michigan region as a region for entrepreneurship and Innovation, (b) providing the services, facilities and resources offered by the Holland Authority and its partner Lakeshore Advantage and/or within the Holland Authority District including, importantly, the Michigan State University Bioeconomy Institute and (c) encouraging and promoting regional collaboration of high technology activity within the West Michigan region.~~

Overview



Holland is a thriving community ~~with having~~ a diverse culture. Its beaches, shopping, galleries, and eateries appeal to individuals and families from all over the United States. The area also possesses a rich tradition of entrepreneurs supporting the growth and development of companies like Haworth, Herman Miller, ~~Prince~~, Gentex, Request Foods and Tran-Matic, all having matured to well established industry leaders. More recently, start-ups like Eco-Composites, NetRivet, Orvance, AISentis and Encoris illustrate a new wave of high tech approaches to entrepreneurship. ¶



Research indicates that ~~local~~ companies spend a larger share of revenue on research and development than ~~other companies in the Midwest.~~ ~~generally,~~ ~~but~~ ~~To continue on a positive economic growth trajectory,~~ the region must do more to establish a thriving, expanding entrepreneurial eco-system. Additionally, today's entrepreneurs are somewhat different from their predecessors. Still driven by the passion to create new, important approaches to market gaps, they also want a higher quality of life and the amenities that contribute to happy, healthy lifestyles. Holland possesses an award winning downtown, but to compete successfully with other regions, it needs to build a more robust and enriching eco-system.

~~To start,~~ ~~Plans~~ are in place to ~~improve clean-up~~ the water quality of Lake Macatawa and further develop the downtown corridor. When the Grand Rapids SmartZone presented an opportunity for Holland to become a SmartZone Satellite, a greater vision for Holland was ~~realized,~~ ~~providing opportunity for the Satellite to advance emerging regional development plans.~~ ~~and it was determined that the Satellite would fill a critical gap in the Bioeconomy cluster.~~ The Holland area provides a

unique benefit for business expansions and start-up businesses as it is strategically located around Lake Macatawa ~~and which~~ feeds in to Lake Michigan. The lake has a navigation channel allowing ships to reach the City of Holland dock. ~~along with freight. Holland is also an Amtrak railway terminal.~~

Much of the industrial area surrounding Lake Macatawa is underdeveloped and in need of modernization. A Local Development Finance Authority (“LDFA”) has been established to encourage redevelopment, utilizing the MSUBI accelerator ~~and incubator~~ as ~~the an~~ anchors for an increased emphasis on the creation of high tech companies and job creation. Boundaries for the SmartZone have been established with focus on challenged areas within the City of Holland and Holland Charter Township. The Holland SmartZone will be administered by Lakeshore Advantage and will leverage the MSUBI resources.

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

The SmartZone ~~Bioeconomy 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 MSUBI to fill a critical gap in this technology cluster by specializing in the field of chemistry with new company incubation, early stage acceleration and scale-up production capability. ~~At the same time, Michigan State University will assist in the development of other high tech fields in support of local advance.~~ This collaboration will promote economic development and increase high technology jobs within the SmartZone and surrounding region.

B) Financial Plan

a. Financing Strategies

The proposed Holland SmartZone Satellite will leverage the expertise and programs of Lakeshore Advantage and MSUBI. MSUBI is supported by Michigan State University, one of ~~60 research universities in the United States. the state premier R1 universities.~~ Lakeshore Advantage is a non-profit organization with a Board of Directors comprised of both private and public sector leaders. Over its ~~ten~~ 11-year history, Lakeshore Advantage has generated ~~over~~ \$1.2 billion in investment with a corresponding creation of over 10,000 new jobs in the region.

The Michigan Economic Development Corporation (“MEDC”) requires SmartZones have a commitment for support of \$200,000 per year for each of five years, totaling \$1M. The financial information in the table below is what is anticipated to flow through the Local Development Finance Authority and the SmartZone team.

Key details in the Financials:

- ~~Pfizer spent over \$9M to modify and upgrade their facility before donating it to Michigan State University in 2008. This facility will be the center of the SmartZone and will be the regional Bioeconomy technology hub.~~
- ~~The State of Michigan, MEDC, and MSF contributed \$XXXX for xxxxxxxx.~~
- Lakeshore Advantage has secured \$200,000 per year of financial support for the first five years of the program.
 - Varnum Law firm committed \$50,000 of matching funds to support early stage incubator companies with patent filings.
 - Warner Norcross Judd has committed \$3,500 per year for two years in legal support.
 - Lakeshore Advantage committed \$100,000 per year in-kind support for five years to support the ~~fulltime~~ accelerator and incubator. ~~SmartZone staff and marketing.~~
 - ~~Lakeshore Advantage invested over \$50,000 in the start up process including legal and in-kind staff costs.~~
 - In addition to providing \$25,000 in pre-plan expenses, Michigan State University committed support of ~~\$30,000~~ \$75,000 per year for two years. ~~five years plus an additional \$20,000 to support a consultant to review MSUBI's marketing tactics.~~
 - Holland Economic Development Corporation (HEDCOR) has committed support of \$235,000 during the first five years of the SmartZone.
 - The Holland/Zeeland Community Foundation has committed support of \$115,000 during the first three years of the SmartZone
 - Ottawa County provided ~~\$8,000~~ \$3,400 loan for civil engineering services to cover the cost of creating a legal description of the SmartZone boundary. ~~This funding will be repaid following the state's approval of the SmartZone and adequate TIF capture collection.~~
- ~~The local TIF capture for the SmartZone is projected to be \$6.8 million at the very minimum growth rate of 1 percent per annum.~~
- ~~The State TIF capture for the SmartZone is projected to be \$5.6 at the minimum of 1 percent per annum.~~
- Revenue shortfalls will be handled by support from private sector contributors and/or municipalities.
- See attached document LDFA SmartZone – Exuberant Plus Boundary Information for local, and state 15-year capture figures.

Table 1: Profit and Loss

	Pre-Spend	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	Years 6-10 2020-2025	Years 11-15 2026-2030
Income								
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 \$30,000	\$75,000 \$30,000	\$0 \$30,000	\$0 \$30,000	\$0 \$30,000	\$0	\$0
Michigan State University (Mktg-Consultant)	\$0	\$10,000	\$10,000	\$0	\$0	\$0	\$0	\$0
Varnum Law (matching funds) (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 \$8,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Warner Norcross & Judd	\$0	\$3,500	\$3,500	\$0	\$0	\$0	\$0	\$0
Local Tax Capture	0	\$21,510	\$43,235	\$76,149	\$109,556	\$154,767	\$1,484,290	\$2,758,166
State Tax Capture	0	\$2,876	\$5,781	\$10,183	\$14,650	\$20,695	\$198,478	\$368,819
Total Revenue	\$78,400	\$282,886	\$307,516	\$266,332	\$304,206	\$355,462	\$1,682,768	\$3,126,985

	Pre-Spend	Year 1 2015	Year 2 2016	Year 3 2017	Year 4 2018	Year 5 2019	Years 6-10 2020-2025	Years 11-15 2026-2030
Expenses								
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		\$8,000						
Marketing and Program Activities		\$55,000	\$45,000	\$45,000	\$45,000	\$45,000	\$225,000	\$225,000

Total Expenses	\$49,000	\$249,000	\$232,000	\$242,000	\$256,000	\$262,000	\$1,310,000	\$1,310,000
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b. Economic Impact to the Local and State Economy

The City of Grand Rapids SmartZone and the Holland SmartZone Satellite agree to joint marketing of the region related to the biosciences and bioeconomy, providing crossover support for incubator clients and acceleration of early stage companies. This will benefit the region with new companies and additional jobs.

The region will also benefit from collaboration with the Michigan State University and its ~~their~~ direct work in stimulating the advancement of green chemistry. The research taking place at the MSUBI, under the direction of Tom Guarr, Ph.D., with an emphasis on Advanced Energy Storage ("AES"), is supportive of the region's developing AES cluster. It is anchored by Johnson Controls Lithium-ion Battery Manufacturing Plant and the LG Chem Lithium-ion Battery Manufacturing Plant, including the extended supply chain. Currently, the research has yielded two invention disclosures and one patent application; ~~patent applications and~~ more are anticipated. One spin-off company formation is also under consideration. The relationship of the Grand Rapids SmartZone with Grand Valley State University and their addition of AES courses to the engineering program, compliments the expansion of AES throughout the region.

The attraction of the type of talent consistent with the creation, development and expansion of high tech companies will require a community possessing the amenities that interest young entrepreneurs. The SmartZone Satellite fits well with the development needs of Holland; specifically the areas around Lake Macatawa that are underutilized and primed for redevelopment. These areas present opportunities for new and emerging bioeconomy companies to expand and enrich job opportunities in the Holland community.

To encourage the attraction and support of critical talent typically required by young entrepreneurs, Lakeshore Advantage, in collaboration with the Michigan West Coast Chamber of Commerce, has launched an initiative called Michigan SmartCoast ~~a program~~ that speaks to a variety of needs associated with the eco-system development. Lakeshore's Advantage's current investment represents over \$75,000 per year.

The creation of a SmartZone Satellite in Holland will designate specific areas within the City of Holland and Holland Charter Township as a certified technology park. Regional economic growth will be stimulated due to the SmartZone facilitating the formation and sustained growth of companies in the Bioeconomy field. MSUBI already possesses key skills, permits, and certifications that businesses need to go from lab bench to production scale. MSUBI and Lakeshore Advantage have the aptitude to support entrepreneurs during the creation, start-up, and early growth stages. By leveraging these resources, entrepreneurs and scientists will be able to quickly navigate through the regulations and controls, and grow their company with minimal cost and time.

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 3:1 has been used for the company to job creation formula. See Table 2 for details on the anticipated new business opportunities and job growth. Additionally, modernization of these challenged areas will

make Holland even more attractive to visitors and thereby increase tourism benefiting the entire community.

Table 2: Economic Impact of Proposed SmartZone

	2015	2016	2017	2018	2019	2020- 2025	2026- 2030
	Holland SmartZone Michigan State Bioeconomy Institute						
New Businesses/Tenants	3	5	5	5	5	30	40
Jobs Created	9	5	15	15	15	90	120
	Lakeshore Advantage						
Jobs Created	2	4	4	4	4	20	25
Total New Businesses/Tenants	5	10	15	20	25	40	50
	3	5	5	5	5	30	40
Total Anticipated Jobs Created	10	20	25	30	50	110	200
	11	9	19	19	19		145

C) Experienced Management Team

The proposed management structure provides for flexibility in meeting the SmartZone’s business needs, while ensuring strict accountability for program performance and financial controls. The SmartZone will be administered by Lakeshore Advantage, which will coordinate with the LDFA to:

- Develop a clear charter between the MEDC, LDFA, and Lakeshore Advantage
- Execute the Holland SmartZone Satellite Plan and the TIF Development Plan to increase awareness of the incubation and acceleration benefits of the SmartZone
- Align the activities of major subcontracted project leaders with the approved plan
- Recruit and retain a pool of business experts and organizations to meet the needs of the start-up business community and align those resources with the program areas.
- Cross-collaborate with the host SmartZone.
- Provide the administrative support for the LDFA including:
 - Preparing the required annual plans and budgets for presentation to the LDFA and local jurisdictions
 - Preparing reports required by the MEDC
 - Scheduling meetings
 - Conducting research to increase exposure and tenancy at the accelerator/incubator

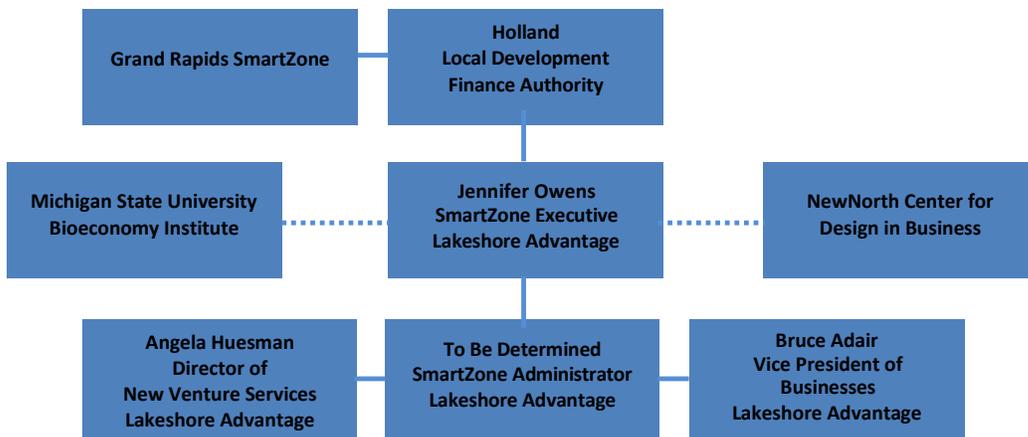


Figure 1: Organizational Chart

Biographies

Jennifer Owens - President, Lakeshore Advantage

Jennifer Owens, joined the Lakeshore Advantage team in early May 2014 as the new President. Jennifer brings outstanding experience in business retention, expansion and attraction. Her insight and understanding of economic development make her ideal to support and develop initiatives that help businesses thrive in our community. Prior to joining Lakeshore Advantage, she had 12 years of economic development experience managing teams and initiatives at the Michigan Economic Development Corporation, Ann Arbor SPARK and Southwest Michigan First. She and her husband Mike created and ran two independent restaurants for 10 years. She also created an economic development consulting practice which that had a review of \$500,000 in its first year. Her accomplishments led her to be named one of the nation's Top Economic Developers Under 40 and named one of the top Leaders & Innovators in the state by Lawrence Tech.

New Hire - SmartZone Administrator, Lakeshore Advantage

A new position will be created for a SmartZone Administrator. This person will assist Jennifer Owens in her duties as SmartZone Executive. The SmartZone Administrator will be responsible for oversight and reporting of the various programs and will be the liason to the Holland SmartZone board.

~~Bruce Adair – Chief Operating Officer Vice President of Business Services, Lakeshore Advantage~~

~~Bruce has over 30 years of business development and operational leadership experience in both corporate and not-for-profit settings. His responsibilities at Lakeshore Advantage include the retention, growth and acquisition of businesses in the Lakeshore region. Bruce has been deeply involved in the development of the advanced energy storage economic cluster and supporting supply chain. He leads the regions AES Task Force and coordinates support for the AES strategic plan. Bruce currently serves on the Ottawa County Workforce Development Board. Prior to joining Lakeshore Advantage, Bruce was the Executive Vice President of David C. Cook Publishing Company leading every facet of operations from product development to marketing, sales and operations.~~

~~Jennifer Linart – Director of Finance and Operations, Lakeshore Advantage~~

~~Jennifer's responsibilities include management of Lakeshore Advantage events, collaborative programming, organizational operations and grant administration. Jennifer has worked with dozens of local companies, including many start ups, to turn their ideas into a successful business venture. She is certified as a Small Business Consultant with the SBDC, and has worked to build collaboration with the local chambers and community partners to develop the Lakeshore entrepreneurial eco-system – including SBDC classes offered at Grand Valley State University – Holland campus and partnerships with Hope College and Herrick District Library.~~

Angela Huesman - Director of Innovation New Venture Services, Lakeshore Advantage

Angela serves as the Director of New Venture Services at Lakeshore Advantage. Angela supports the biotech incubator located at MSUBI. In addition to supporting bio-based start-ups, she is also responsible for marketing and business development of the Institute's chemical scale-up facility. Prior to joining Lakeshore Advantage, Angela spent 10 years at Coldwell Banker as the Director of Corporate Relocation Services. She provided support for local companies working to attract and retain talent. She also assisted local companies with relocation programs, helping to settle those new to the area. Angela received a bachelor's degree in Business Administration from Baker College, is a member of the National Business Incubation Association, and is a Leadership Holland graduate.

Paul Hunt, PhD. - Sr. Assoc. Vice President for Research & Graduate Studies, Michigan State University

Dr. Hunt received two bachelor's degrees from MSU (majoring in mathematics and chemistry) and a doctorate in theoretical chemistry from Oxford University. He joined the MSU faculty in 1979 and holds the rank of Professor in the Department of Chemistry. In 2001, he became the Senior Associate Vice President for Research and Graduate Studies. Prior to this, he worked in information technology, culminating in service as Vice Provost from 1991-2001. He served on the Board of Directors of the MERIT Network, Inc for fifteen years and was a chairperson for four of those years. He now serves on the Board of Directors of the Southern Astrophysical Research Telescope operated in Chile by a multi-party US-Brazilian consortium. MSUBI has reported to him since its creation.

William Freckman - Director of Operations, Michigan State University Bioeconomy Institute

Bill holds a BS in Chemistry from the University of Illinois and a MS in Chemical Engineering from Wayne State University. From 2003-2009, he was responsible for total site operations at the Pfizer Global Manufacturing Active Pharmaceutical Ingredient manufacturing facility in Holland, MI. He has over 30 years of experience in all aspects of chemical and pharmaceutical manufacturing and development. Bill has been a member of the American Chemical Society since 1975.

Thomas Guarr, PhD. - R&D Director of Research, Michigan State University Bioeconomy Institute

Dr. Guarr has a doctorate in chemistry from the University of Rochester and held a postdoctoral research fellowship at the California Institute of Technology. Prior to joining the MSUBI, he led the chemical research and development program for Gentex Corporation. He also earned tenure at the University of Kentucky where he conducted research in conductive polymers, electrocatalysis, fullerenes, inorganic photochemistry, electron transfer reactions, amperometric biosensors, intercalation processes in layered materials, organic photovoltaics, and artificial photosynthesis. He is a named inventor on more than fifty patents.

Seth Starnier - President, NewNorth Center for Design in Business

Seth ~~recently became the President of NewNorth Center for Design in Business.~~ He has a broad range of experience in innovation leadership and project management roles. His prior experience with internal innovation training, leading strategic planning sessions, and catalyzing innovation teams to implement new opportunities around the globe will make him a valuable asset to the Holland SmartZone team. He has a bachelor's degree from the University of Michigan and a master's degree from Illinois Institute of Technology's Institute of Design. He serves on the Board of Directors of the Grand Rapids Art Museum and the Keller Futures Center.

Jason Kehrer, NewNorth Center for Design in Business

Jason works with a variety of businesses, organizations, and others to help infuse design thinking and human-centered design methods to stimulate innovation, solve big problems and build effective teams. He is an active teacher in NewNorth's "Innovation Methods Certification" program and works to expand NewNorth's presence and influence to grow the continual potential of Michigan's future through innovation. Prior to joining the NewNorth team, Jason was the general manager and lead brand strategist for creative agency working with higher education and healthcare institution on brand strategy and communications. Jason ~~lead~~ the launch of a number of award-winning and successful brand campaigns nationwide. He began his career in local and international community development, working to understand needs, design solutions, and build programs in Michigan, South Africa, and Swaziland. His

work was hands-on, helping him grow empathy and a desire to understand the true needs of those he was serving.

D) Technology Focus/Vision/Development Concept

a. Focus

The City of Holland is planning for the redevelopment of their downtown core district with a particular emphasis on the waterfront. The downtown is already a favored destination for area visitors. The additional development would serve to strengthen **this a** regional asset. Furthermore, Project Clarity has a specific focus on the water quality that affects Lake Macatawa and further downstream, Lake Michigan. When seen in conjunction with the City of Holland downtown corridor development, the overall impact for the region would be outstanding and represents the foundation of the Holland SmartZone Satellite growth potential. The **enhanced** quality of life **advance** would be the magnet to attract the type of professionals needed to staff the new technology emphasis.

The collaboration and support of the MSUBI with Hope College provides the needed ingredients for an emphasis on the **bioeconomy** and chemistry in particular. Hope College is home to one of the most outstanding liberal arts chemistry programs in the nation and Michigan State University is one of the premier **research universities R1-Universities** in the nation.

A new level of collaboration with GR Current revolving around their scientific and laboratory needs will be easily facilitated. By coordinating efforts and combining resources, we can maximize our visibility, impact in the region, and draw potential clients from not just the Midwest, but on a national scale too. A regional strategy will be necessary to become a center of excellence for the emerging **bioeconomy**. This strategy will include a wide variety of sectors such as infrastructure, housing, education, downtown development, quality of life and transportation.

The Holland SmartZone Satellite will be focused on the development of technology with emphasis on the growing **bioeconomy**. ~~This technology was supported by the Obama Administration because of its potential for growth and job creation.~~ MSUBI anchors the SmartZone with a focus on this rapidly accelerating research and development arena. The SmartZone and MSUBI will fill a critical gap in this technology cluster by specializing in the field of chemistry with new company incubation, early stage acceleration and scale-up capability.

b. The Vision and Mission

To stimulate economic development and vitality in the Holland SmartZone Satellite region by facilitating the formation and sustained growth of companies serving Michigan's developing **new economy. Bioeconomy.**

c. Development Concept

The SmartZone **Bioeconomy technology** cluster will stimulate collaboration between Michigan State University, industry, research organizations, government and other community organizations all with the objective of growing technology based businesses thereby increasing jobs. This will be accomplished with the use of an incubator, accelerator and scale-up production capability.

The **BioVenture Technology** Accelerator, a collaboration of Michigan State University and Lakeshore Advantage, is specifically tasked to serve a role in the recruitment, formation, incubation and development of small biotechnology businesses that become clients of the **Institute MSUBI**. The accelerator is an i-6 **Green Challenge** Proof of Concept Center focused on start-ups with chemical research and development needs. The **BioVenture** accelerator is housed in MSUBI in Holland, Michigan. The Accelerator plays a primary role in assisting pre-revenue companies advance their business concepts. It is unique in the Midwest and has a full selection of support for those requiring wet laboratory space, pilot scale-up manufacturing as well as the equipment and intellectual/chemistry resources to advance to commercialization. The history of the Accelerator includes companies moving to stage 2 growth as well as securing IP through patent protection. This includes support such as:

- Technology and opportunity assessment
- Business plan development
- Entrepreneurial networking opportunities and events
- Business skills development seminars and workshops
- Marketing and promotion
- Intellectual property management
- Technology transfer and commercialization
- Grants and applications; government assistance programs

The entrance barriers for start up or early stage companies are significant. The **BioVenture** accelerator helps promising young companies lower the barriers to achieve successful commercialization of their innovative products and technologies by providing:

- Access to the small business incubation program
- Assistance in navigating the broad range of resources available through MSU
- Business assistance services, such as business planning, technology assessment, and market development
- Various educational, networking, and mentoring programs
- Connections to local talent, qualified service providers, and potential sources of financing

Particularly as it relates to progressing from the lab bench to production, MSUBI supports start up and early stage companies because it possesses the necessary permits and certificates to progress from scale-up to production. Securing all the requisite permits and certificates usually means entrepreneur/scientists, unfamiliar with the maze of regulations and controls required for safe scale-up, could spend an inordinate amount of unproductive time and money in compliance. Since MSUBI already possesses these credentials, the entrepreneur/scientists can fully focus on their core competency.

The Institute also serves as a home to "embedded" researchers from private and public sector collaborator organizations. These activities support Michigan State University's general mission triad of research, teaching, and service-outreach, and specifically advance MSU efforts to promote the economic development of Michigan, the region, and the nation.

The Institute has seen rapid growth in terms of companies serviced and commercialization achieved. For example Pleotint, a local west Michigan company, through the leadership and

collaboration of the MSUBI staff and Lakeshore Advantage, has increased the value of their product, which has led to increased production and growth. In addition, this same company just held their annual meeting in the auditorium of the Institute and showed off the valuable resource that enabled this organization to achieve their goals for 2014. This partnership proves the focus on development the Institute brings to the region.

E) Relationship with Grand Rapids SmartZone

The Grand Rapids SmartZone has a focus on ~~the~~ biosciences and, with Michigan State University Human Medical School, is developing a statewide position of leadership. The Holland SmartZone Satellite complements this position by adding capabilities not available to the Grand Rapids SmartZone. These capabilities are particularly focused on chemistry and scale-up capabilities.



By recent estimates, if the City of Grand Rapids were to develop the capability possessed by the MSUBI it would cost them approximately \$70 million **non-recurring, plus \$2 million per year in recurring costs**. Additionally, MSUBI has all the necessary certificates and permits to handle chemical processes including hazardous waste. This benefit alone will save entrepreneurs and scale-up clients significant time and resources in advancing their business.

By creating a Holland SmartZone Satellite, there will be an additional facility with a host of services that can benefit entrepreneurs and emerging high tech companies in West Michigan and beyond. The Holland Satellite will establish a regional **and statewide** cooperation creating a dynamic partnership with cross collaboration and sharing of services. Resources will be leveraged and support services expanded for high technology entrepreneurs and businesses. The SmartZones will complement each other and provide a synergistic regional collaboration where services can be shared without redundancies while strengthening the high tech eco-system in the **biosciences and bioeconomy**.

The Holland SmartZone Satellite recognizes the clear benefit in collaborating with the Grand Rapids SmartZone. This relationship will extend the reach of the Holland SmartZone and build on their experience and programming for entrepreneurs. The Grand Rapids SmartZone and the Holland SmartZone Satellite agree to joint marketing of the region related to the **biosciences and bioeconomy**, providing crossover support for incubator clients and acceleration of early stage companies with a specialty in scale-up. This will benefit the region with new companies and additional jobs.

Grand Rapids will also benefit from MSUBI's facility and available lab spaces. Grand Rapids is currently in the position where they do not anticipate growing their wet lab space but continue to have clients with these needs. The MSUBI facility will be another source for Grand Rapids to refer their clients to. MSUBI's modern and available labs will be an appealing and convenient option for these clients.

F) Clear Community and Private Sector Support

Overall, the Holland SmartZone Satellite has received very positive support from both the private and public sector leaders. These leaders see the SmartZone as a way to fund economic development, revitalize the Lake Macatawa waterfront area, promote MSUBI as the regional technology hub, and stimulate additional regional collaboration. Following are letters of support

from a small sample of the community leaders who see the benefits that the SmartZone can provide.

Figure 2: Letters of Support from the community and private sector.



201 W. Washington Ave. Loft 410
Zeeland, Michigan 49464

Jim Holtrop, Chairperson
Ottawa County Board of Commissioners
3046 Country Court
Hudsonville, MI 49426-1572

August 26, 2014

Mayor Kurt Dykstra
City of Holland
City Hall 270 S. River Ave
Holland, MI 49423

BOARD MEMBERS:

Chair
Scot Lindemann
JR Automation

Treasurer
Kris DePree
Colliers International

Secretary
Jeff Disher
Disher Design &
Development

Chelsea Brown
Metal Flow

Jane Clark
Michigan West Coast
Chamber of Commerce

Candace Dugan
Warner, Norcross & Judd,
LLP

Garth Deur
Bank of Holland

Luciano Hernandez
Tiger Studio Design

Larry Koops
Fifth Third Bank

Ann Query
Q Tips Consulting &
Communication

Michael Ramirez
Herman Miller

Ross Rubley
Boar's Head Provisions

Al Vanderberg
Ottawa County

Bruce Warren
Magna Sealing and Glass
Systems

Terry Nienhuis, Township Supervisor
Holland Charter Township
353 N. 120th Avenue
Holland, MI 49424

RE: SmartZone Initiative

Dear Chairperson Holtrop, Mayor Dykstra and Supervisor Nienhuis:

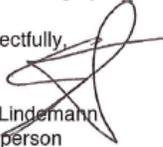
On behalf of the Lakeshore Advantage Board of Directors, the economic development organization serving Ottawa County, I would like to express our unanimous support for the creation of a satellite SmartZone in partnership with the Grand Rapids SmartZone.

We have completed a comprehensive review of the requirements and benefits of creating a satellite SmartZone and believe it will be a significant benefit to the growth of new ventures and innovation in our community.

As the SmartZone initiative will be a collaboration between the City of Holland, Holland Charter Township and Ottawa County, we further encourage our elected and appointed officials in those jurisdictions to work together, along with Lakeshore Advantage, to achieve this worthy goal. Your communities' initial receptiveness to community collaboration around this new initiative deserves to be commended.

We encourage you to act swiftly in moving forward with approval.

Respectfully,


Scot Lindemann
Chairperson
Lakeshore Advantage Board of Directors

CC: Al Vanderberg, County Administrator, Ottawa County
12220 Fillmore St #331
West Olive, MI 49460

Ryan Cotton, City Manager, City of Holland
City Hall 270 S. River Ave
Holland, MI 49423

Donald Komejan, Manager, Holland Charter Township
353 North 120th Avenue
Holland, MI 49424

P 616.772.5226
F 616.772.5602
lakeshoreadvantage.com

Riverview Group
151 Central Avenue, Suite 280
Holland, Michigan 49423
(616)-392-7893

Jennifer Owens, President
Lakeshore Advantage
201 W. Washington Ave, Loft 410
Zeeland, Michigan 49464

August 21, 2014

Re: Statement of Support for Proposed SmartZone Satellite

Dear Jennifer:

We have become knowledgeable of the proposed SmartZone Satellite organization for the Holland area which would be affiliated with the Grand Rapids SmartZone. We understand that the proposed Holland SmartZone would be centered along the eastern end of Lake Macatawa, spanning underutilized, re-developable properties within both Holland Charter Township and the City of Holland. In essence, the Holland SmartZone Satellite would be a new, collaborative economic development entity with joint participation by Ottawa County, Holland Charter Township, and the City of Holland, working in conjunction with Grand Rapids' SmartZone.

A Holland SmartZone Satellite would have significant potential to provide and/or accelerate the following benefits for the Holland area:

1. Attract and grow existing and future technology-based businesses
2. Provide targeted, technical services and support expertise to these businesses
3. Foster the training and enrichment of current and future employees in this area
4. Provide a portion of the funds for necessary public infrastructure in the SmartZone
5. Capture incremental property-based taxes -- that are only available through this special SmartZone legislation -- and would be invested directly into the Satellite area.
6. Highlight, accentuate, and build on the unique, powerful assets of the MSU Bioeconomy Institute.

As we now understand the Lakeshore Advantage Proposal, and based on these expected benefits and community revitalization that will be fostered in this Lake Macatawa area, the Riverview Group enthusiastically supports the establishment of the Holland Area SmartZone Satellite. We further encourage our elected and appointed officials in Ottawa County, Holland Charter Township, and the City of Holland to work together and with Lakeshore Advantage to achieve this worthy goal.

Sincerely yours,

Scott Spoelhof, Chairman

...

(1 letter) ---- Holland should have letter from both City of Holland and Holland Township, Ottawa County

Figure 4: Commitment letter from non-profit organization.

G) Universities, Higher Education Institutes, Private Based Research Institutes Partnerships, or a Large, Private Corporate R&D Center

Michigan State University collaborated with Lakeshore Advantage, government units, and private supporters to secure the former Pfizer R&D facility and formed MSUBI. MSUBI is located on the east end of Lake Macatawa in Holland, MI. The institute's goal is to become a world-class **biomass bioeconomy** research and development center. Working together with Lakeshore Advantage in the Holland SmartZone Satellite, it is anticipated that MSUBI's labs and resources will greatly advance Holland's technical business base.

a. MSUBI's Facility

MSUBI's facility **totaling 138,000 square feet**, is located in Holland Charter Township, Holland, MI. The facility has approximately 31,000 square feet of wet laboratories space that includes 3,100 square feet of offices and a separate engineering office suite of 1,500 square feet. The wet labs are capable of handling most chemical research and development needs. Some of the types of activities that are supported are: organic synthesis, instrumental analysis, **and** process development or intermediate scale-up work. The site has a pilot plant **that which** consumes approximately 35,000 square feet—and two stories of the building. There are more than 30 chemical reaction vessels available ranging from 15 to 4,000 liters with a total capacity greater than 31,000 liters. The reactors are lined with glass, stainless steel, Hastelloy or other material linings and most are fitted with condenser systems. MSUBI's equipment is capable of carrying out reactions under a variety of temperatures, pressures and other conditions. The facility also has a centralized Foxboro control system **that which** manages routine and specialized processes. MSUBI is an advantageous environment that facilitates start-up businesses going from lab-scale to pilot plant scale. MSUBI possesses important permits and certificates required for scale-up compliance. They also have resources available that have the knowledge and experience of taking a product from lab scale to the larger pilot plant scale.



b. History

MSUBI is housed in the former Pfizer facility. Pfizer's **approximately** 138,000 square foot research, development and pilot plant facility was valued at \$50 million. In 2008, Pfizer made over \$9 million in improvements and modifications making the facility a first class biochemical research and development site. In 2009, Pfizer donated the newly renovated facility to Michigan State University (MSU). MSU hired several former Pfizer employees experienced with the facility's operations to oversee the new Michigan State University Bioeconomy Institute and began working towards becoming a facility that serves advanced research and development, education, product commercialization, and economic development objectives.

During the six-month period from April 1, 2014 through September 30, 2014, MSUBI clients included:

Materia	http://www.materia-inc.com
Xtreme Floor	http://www.xtremefloorsystems.com
Kemin	http://www.kemin.com
Pleotint	http://www.pleotint.com
Mercurius Biofuels	http://www.mercuriusbiofuels.com
BoroPharm	http://boropharm.com
Charkit	http://www.charkit.com

In total, during that six-month period the MSU Bioeconomy Institute produced more than 18 metric tons of various chemical products for its client firms in the course of fifty "proof of concept" production runs.

In addition to the presence of Michigan State University, Hope College has an ongoing collaborative relationship with MSUBI and Lakeshore Advantage. The summer research group at MSUBI, led by Dr. Tom Guarr, participates in the Hope Summer Research program through their chemistry department. Participating students frequently overlap between these two programs. In addition, Lakeshore Advantage is connected to the entrepreneurial programs through Hope College's Center for Faithful Leadership. These relationships add value to the HSZ and ensure a wide offering of resources to the HSZ.

Figure 5: Letter of Commitment from Michigan State University Bioeconomy Institute.

H) Ability to Provide Support for Entrepreneurs, New and Small Businesses

a. Lakeshore Advantage

Lakeshore Advantage is the economic development partner serving Ottawa County, Michigan. Started 11 years ago by a team of business leaders interested in advancing the economic vitality of the region, Lakeshore Advantage has produced over \$1.52 billion in investment that generated over 10,000 new jobs for the region. Lakeshore Advantage has fostered innovative programs to support start-ups and small businesses. Some examples of the programs undertaken are: IP law clinic, i6 grants for scale-up work, participation in Great Lakes Entrepreneur Quest, access to Lakeshore Seed Capital Fund and Angel Funding opportunities, business accelerator fund grant engagements, connection to SBDC counselors and programs such as SBIR/STTR training, analytical support for chemistry based products.

b. Innovation New-Venture & Innovation

West Michigan's entrepreneurial roots run deep. Since its inception, Lakeshore Advantage has run a wide range of innovation support programs to help new and emerging businesses gain traction. The current acceleration efforts are focused at MSUBI, serving green chemistry-based businesses with world-class facilities,. Lakeshore Advantage and is one of the members of the advisory group for the MEDC Business Acceleration Fund.

The Innovation New-Ventures Group supports entrepreneurs during the creation, start-up and early growth stages of development by offering innovation space, consulting support, and connections to community resources, expert advice and capital. Nationally, 80% of all start-up businesses fail; however, statistics show that companies starting in a full service incubator facility have an 80% chance of success. Creativity, discipline and drive are greatly enhanced when combined with a synergistic environment where challenges and opportunities are shared with peers. Lakeshore Advantage, through programs like BAF, counselors at SBDC, and collaboration within the existing entrepreneur ecosystem in west Michigan, will assist clients to accelerate commercialization. In addition, the incubator will offer opportunities for training, networking, one-on-one coaching and mentoring.

In addition to the assistance the incubators provide, the Innovation New-Venture Group also manages the \$1M Lakeshore Seed Capital Fund, which is available to assist start-ups and early-stage growth businesses moving from concept to incorporation.

Entrepreneurs needing operating space for their bio-based start-ups will find MSUBI a valuable resource with access to unique laboratory space, equipment and intellectual resources associated with Michigan State University. Outside of the Lakeshore staff, there is a team of organizations and individuals driving new venture and Innovation in the area including:

Michigan State University Bioeconomy Institute Team

MSUBI provides unique services to Michigan start-up and early stage businesses. Some of these services include: chemical process scale-up from the bench top (typically <1 liter) to the plant (up to 4,000 liters), chemical testing, process optimization, and laboratory space. The

Institute has a variety of sectors in varying applications:

- Advanced Automotive - Gentex (electrochromatic devices)
- Life Science - BoroPharm and Materia (pharmaceutical intermediates)
- Agricultural Processing - Marrone BioInnovations (genetically engineered production of nature pesticides)
- Biomass Byproducts – EcoComposites (stock bedding and other uses of anaerobic digester fibers)
- ~~Alternative Energy – Renmatix (lignocellulosic conversion), EcoComposites (stock bedding and other uses of anaerobic digester byproducts)~~
- Materials - Vedezyne (biomass-derived nylon precursor), Pleotint (thermochromic windows)
- Biofuels - Mercurius (cellulosic based additive for jet fuel)

~~In 2013, the Institute totaled 13,389 kg of chemical product over 53 batch runs performed for ten clients. Some of these companies needed the capability of the pilot plant to grow their current businesses. This asset enabled them to manufacture product locally and increase sales without investing in equipment.~~

Client companies needed the capability of the MSUBI pilot plant to meet a spectrum of different needs, including:

- Delivery of product to the chain of commerce,
- Proof of concept demonstrations for private investors or Federal grantors,
- Validation of production capacity redundancy, and
- Generation of novel process data for use in new plant design.

NewNorth Center for Design in Business



NewNorth Center for Design in Business is a non-profit hybrid education and business institution. The Center focuses on innovation – creating catalysts for change through assessment, executive education, and custom workshops. The portfolio features design-centric, post-graduate business programs formulated expressly to bring increased value to local, regional and national companies and organizations. Over the past four years, NewNorth has served over 2,000 people and 200 companies. By leveraging creative and analytical capabilities, NewNorth Center will help the Holland SmartZone entrepreneurs develop untapped potential in themselves, their team, and their company as a whole.

Lake Shore Seed Fund



Lakeshore Advantage created a \$1M seed capital fund to help launch new and growing technology firms in the Ottawa County market. This is usually the first investor in companies that banks and other investors may feel are too high of a risk. Lakeshore Advantage's Seed Fund provides financing in the form of a convertible loan with deferred payments and interest for up to one year. This means that in the event a company raises additional funding that places a value on that company, the original loan converts to equity at 80% of the price of the valuation.

c. Incubation

MSUBI can provide support to innovation companies throughout the Lakeshore region. When an entrepreneur has a need for physical space the former Pfizer pharmaceutical research and production facility has 45,000 square feet of wet lab and office space available **combined**. The facility includes all the required amenities **such as like**, phone, wireless internet, copiers, conference rooms, a 105 seat auditorium and open areas for mixing with other incubator clients as well as MSU scientists and technicians.

- Modern laboratories with extensive capabilities for chemical synthesis, formulation and analysis, with approximately 31,000 sq. ft. of wet lab space
- A 35,000 sq. ft. pilot plant equipped with chemical reactor vessels totaling over 31,000 liters in capacity
- Specialized systems and expert operators to provide capabilities suitable for biofuels, bioplastics and specialty chemical development and scale-up.
- Regular education and connection programs. On average, 15 events are held on site each year.

d. IP Legal Support

Innovation companies have the ability to **access expertize in the MSU College of Law through utilize the legal school at MSU to conduct** an intellectual property legal clinic offering free legal support for start-up companies **in the Bioeconomy space**.

Through the MISpringboard program, Varnum Law firm has committed \$50,000 of in-kind services of matching funds to support early stage incubator companies. Each participant in MISpringboard will receive a minimum of \$2,500 in legal services tailored to suit their particular needs. Participants may need help with how a business is structured, counseling on financial matters, contract drafting or review, or employment law advice. As trusted advisors to innovative businesses throughout Michigan, Varnum is well suited to provide the legal assistance that businesses need at each stage of development.

e. Reporting requirements

The Authority shall provide, or cause to be provided to MEDC, a monthly report that includes providing the following metrics for the high-technology activity occurring in the SmartZone: funding received by the SmartZone, companies expanded, companies served, and for these companies – jobs created, jobs retained, new sales, and follow-on-funding received by these companies (including amount and source of such funding – sources including state funds, federal funds, venture capital, angel funds, bank/loan, owner investment, other) {the “Monthly Reporting.”}

(b) The Authority shall provide, or cause to be provided to, MEDC a report annually containing the following information:

- (i) A summary of the SmartZone operations, including, but not limited to, number of businesses assisted, number of businesses locating or expanding in the SmartZone,

number of jobs created/retained, number of on-going and completed research projects, number of on-going and completed commercialization projects, and amount of investments in the SmartZone, and similar information for activity of the business incubator.

(ii) The use of Tax Increment Financing funds during the prior fiscal year of the Authority.

(iii) The proposed use of Tax Increment Financing funds for the next fiscal year of the Authority.

(iv) Any modifications sought to this Agreement or to the TIFP.

(v) An annual report summarizing the Monthly Reporting results, see 3.08(a).

(vi) The amount of Tax Increment Financing collected and expensed during the prior fiscal year of the Authority.

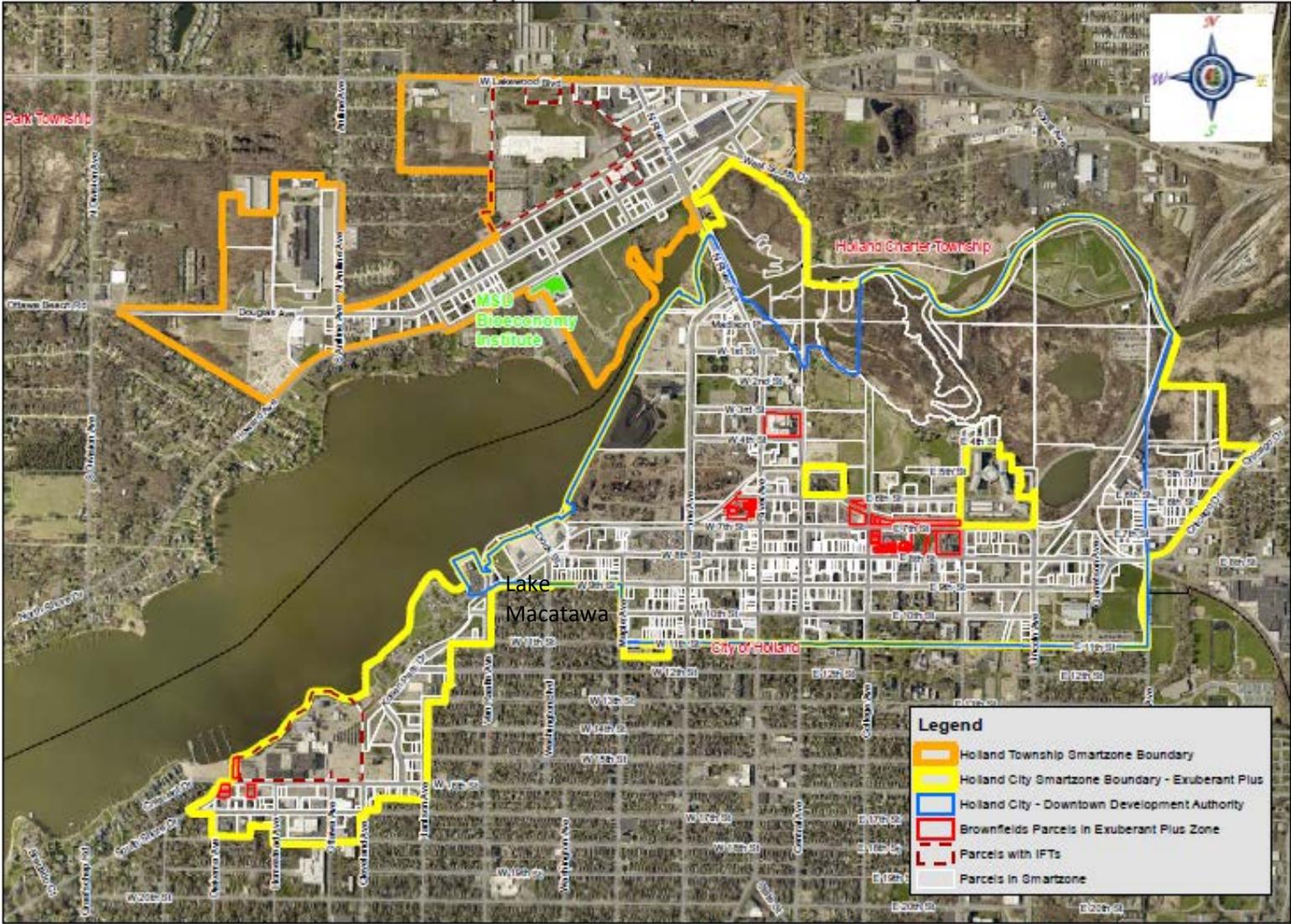
(vii) The amount of projected Tax Increment Financing for the next fiscal year of the Authority.

(viii) An annual report summarizing activities that indicate Host SmartZone and Satellite SmartZone continue to comply with Legislative Criteria, MCL 125.2162(b) identified above.

I) Physical Description and Information on SmartZone

The Holland SmartZone Satellite encompasses area around Lake Macatawa in Holland Charter Township and the City of Holland. MSUBI is located within the SmartZone boundary and will serve as the center of activity. The boundary of the SmartZone is reflected in the following map:

Smartzone Boundary Holland City (Exuberant Plus) & Holland Township



Prepared by the Ottawa County Planning & Performance Improvement Department (09/02/2014)

Appendix

a. LDFA SmartZone Exuberant Plus Boundary Information

Additional Letters of Support

September 23, 2014

Mr. Kurt Dykstra
270 South River Avenue
Holland, MI 49423

Dear Honorable Mayor Dykstra,

As Superintendent of Holland Public Schools, I am excited about the opportunity that presents itself for the City of Holland to partner with the SmartZone of Grand Rapids in the creation of a satellite SmartZone in our local community. The potential economic impact, talent development and innovate resources are primed to continue the quality of life that we have grown to value and expect in the greater Holland area.

Thank you for this opportunity to name the following two individuals below to represent Holland Public Schools on the Holland Local Development Finance Authority:

- Marcia Bishop-Retired Superintendent of Holland Public Schools, Retired Associate Director of Van Andel Institute, and former Chair of the Holland Chamber of Commerce: 2 year term
- Ann Harten-Vice President of Global Human Resources, Haworth, Chair of Hello West Michigan, and former Chair of Michigan West Coast Chamber of Commerce: 3 year term

Please let me know how I can assist in the future endeavors of this opportunity.

Sincerely,



Brian Davis
Superintendent