



## CITY COUNCIL AGENDA ITEM

Date: September 17, 2014

To: Brian Kischnick, City Manager

From: Mark F. Miller, Director of Economic and Community Development  
 Glenn Lapin, Economic Development Specialist  
 Richard Carlisle, Planning Consultant

Subject: Ratification of Revised Memorandum of Understanding for the Joint Local Development Finance Authority Automation Alley SmartZone and Troy-Southfield Proposed 15-Year Extension

### Background

On September 8, 2014 City Council adopted a resolution determining that hosting the Local Development Finance Authority (LDFA) of the City of Port Huron also known as SCCiTech as a Satellite SmartZone will benefit the City's objective of promoting growth in an area of the City defined as a Certified Technology Park. Further, this resolution authorized the Cities of Troy and Southfield and Automation Alley SmartZone to serve as a host to the SCCiTech Satellite SmartZone. Finally, the resolution authorized the Mayor and City Clerk to execute the Memorandum of Understanding.

All of the partners in this collaboration approved similar resolutions, which the LDFA's recommended approval to their respective Cities.

On September 10, 2014 the application for the 15-year extension was submitted to the Michigan Economic Development Corporation (MEDC). The MEDC responded that the application required the LDFA of Port Huron to **approve** a resolution stating that the Cities of Troy and Southfield will host a Satellite SmartZone. In addition, the Memorandum of Understanding needed a minor revision in Section 1.0 to include the LDFA for the City of Port Huron, as seen below in red:

### **Memorandum of Understanding**

#### 1.0 Purpose and Scope

This Memorandum of Understanding (MOU) is entered into by and among the City of Southfield, the City of Troy, the City of Southfield and Troy LDFA, *Local Development Finance Authority for the City of Port Huron*, the City of Southfield and Troy Joint LDFA, the Automation Alley SmartZone, hereinafter referred to as "Host



## CITY COUNCIL AGENDA ITEM

SmartZone”, and the City of Port Huron, Kimball Township and St. Clair County Innovation and Technology SmartZone (SCCiTech), herein after referred to as “Satellite SmartZone”.

The MEDC also wanted the Memorandum of Understanding to include the signatory pages of the LDFA of Port Huron. The LDFA of Port Huron held an additional special meeting on September 15, 2014 and the Memorandum of Understanding was approved and executed.

The revised Memorandum of Understanding, the LDFA of Port Huron resolution and necessary signatures were sent to the MEDC on September 16, 2014. On September 17, 2014 the MEDC notified the team that the Designation Agreement (Memorandum of Understanding) was accepted, and the MEDC’s legal team will draft an amendment to the Troy-Southfield Designation Agreement to indicate the Port Huron Satellite creation. The MEDC will also work with the Cities of Southfield and Port Huron.

Troy and Southfield can now start working on an amendment to the Automation Alley SmartZone LDFA, Development and TIF Plan to include the 15-year extension. This is a lengthy and complex process. City administration will follow-up in the near future with a timeline of necessary steps.

### Recommendation

City administration recommends adopting the suggested resolution ratifying the amended Memorandum of Understanding for the 15-year extension of the Automation Alley SmartZone by hosting a Satellite SmartZone in Port Huron.

### Attachments

- Revised Memorandum of Understanding
- City of Troy Resolution September 8, 2014

### **City Attorney’s Review as to Form and Legality**

\_\_\_\_\_  
Lori Grigg Bluhm, City Attorney

\_\_\_\_\_  
Date

## Memorandum of Understanding

### 1.0 Purpose and Scope

This Memorandum of Understanding (MOU) is entered into by and among the City of Southfield, the City of Troy, the City of Southfield and Troy LDFA, *Local Development Finance Authority for the City of Port Huron*, the City of Southfield and Troy Joint LDFA, the Automation Alley SmartZone, hereinafter referred to as “Host SmartZone”, and the City of Port Huron, Kimball Township and St. Clair County Innovation and Technology SmartZone (SCCiTech), herein after referred to as “Satellite SmartZone”.

This MOU identifies the purpose of a collaborative relationship between Host and Satellite and more specifically addresses how such collaboration will meet the criteria set forth in Sect. 12 (b) of PA 184, as amended. This MOU addresses the requirement for Satellite Local TIF when requesting state school TIF capture, or Satellite budget of at least \$200,000 for operations, and Host and Satellite monthly reporting. This MOU also addresses the agreement from all parties to adhere to MEDC reporting requirements.

### 2.0 Goals

2.1. The Host and Satellite agree to pursue the following mutually advantageous goals:

- 2.1.1. Identify the advantages the Host and Satellite SmartZones offer to start and grow technology-oriented businesses;
- 2.1.2. Foster collaboration and networks among and between the Host and Satellite and other governmental, education and business entities;
- 2.1.3. Promote, support, advise and enhance technology accelerators and/or incubators located in the Certified Technology Parks and elsewhere in the SmartZones;
- 2.1.4. Promote and encourage development of a service provider network for tenants and residents of the Certified Technology Parks and elsewhere in the SmartZone;
- 2.1.5. Identify and coordinate collaborative applications for state and federal operating and capital assistance grants;
- 2.1.6. Identify and coordinate applications for MEDC and State of Michigan SmartZone grants when such grants are available only to a SmartZone recognized by the State of Michigan and not otherwise available to individual Members (“SmartZone Grants”);
- 2.1.7. Promote and encourage cooperation in carrying out any Automation Alley and SCCiTech SmartZone Plan, as may be modified from time to time;

### 3.0 Response to Legislative Criteria

3.1. Unique characteristics and specialties offered by public and private resources available in Satellite SmartZone:

- 3.1.1. SCCiTech is located within a region which is the gateway for international trade, particularly Canada. It provides vital linkages to the automotive and chemical supply chains in Michigan, Ontario and the Midwest.
- 3.1.2. SCCiTech is in a unique position in Michigan to capitalize upon commercialization and development of technologies that improve border security and improve efficiencies in the transport of goods.
- 3.1.3. SCCiTech has focused on promoting enhanced mobility through autonomous and connected vehicles software and technologies and lightweight material research.
- 3.1.4. SCCiTech is a key sponsor and supporter of Tech Port, a co-working and business accelerator program which is a critical catalyst to diversify the economy and drive innovation.
- 3.1.5. SCCiTech has also formed key partnerships with the Spartan Innovations, Center for Automotive Research, MSU Eli Broad School of Business, Automation Alley and other organizations.

3.2. Benefits to regional collaboration and cooperation

- 3.2.1. Both Host and Satellite recognize the benefit of regional collaboration and cooperation to help the growth of technology based businesses and jobs. The Host and Satellite recognize the benefit of collaborative arrangements with other community partners. Expanded collaboration could be a benefit through attraction and retention of a trained workforce, nurturing existing second stage companies and formation of new technology based businesses.
- 3.2.2. The Host and Satellite agree to financially support the activities of Automation Alley. Both communities that comprise the Host each agree to make a minimum annual contribution to Automation Alley of \$50,000. The Satellite also agrees to make a minimum annual contribution of \$50,000.
- 3.2.3. Services to be provided to the Host and Satellite are included in Appendix I to this MOU.

3.3. How Satellite SmartZone adds to the mission of the Host

- 3.3.1. The unique position of SCCiTech to capitalize on all aspects of international trade meshes seamlessly with the mission of Automation Alley and the Automation Alley SmartZone, particularly the International Trade Center.
- 3.3.2. Commercialization and technologies that support border security and improve efficiencies in the transport of goods offer significant opportunities for innovation from the private sector as well as our educational partners.

#### 4.0 Budget and Reporting Requirements

- 4.1. The Satellite agrees to include local TIF contribution to the SmartZone in return for requesting state school TIF capture.
- 4.2. The Satellite agrees to provide for a budget of at least \$200,000 per year for operations. The Satellite budget of \$213,000 is included in Attachment II.
- 4.3. The Host and Satellite agree to provide monthly reporting to MEDC the term of the TIF capture on the following information for companies served by the SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding, and increase in revenue).
- 4.4. Providing annual reports for the term of the TIF capture reporting on the progress of regional collaboration.

#### 5.0 SmartZone Plan

- 5.1. Satellite agrees to complete and submit a SmartZone Plan to MEDC by September 30, 2014 that addresses the need to promote high tech businesses and job creation and growth by collaborating with the following public and private partners:
  - 5.1.1. Host SmartZone
  - 5.1.2. Automation Alley
  - 5.1.3. Spartan Innovations
  - 5.1.4. Center for Automotive Research
  - 5.1.5. MSU Eli Broad School of Business
- 5.2. An Executive Summary and Overview of the Satellite SmartZone Plan is included as Attachment III.

#### 6.0 Effective Date and Conditions

- 6.1. This MOU becomes effective upon the approval of all parties as evidenced by the authorized signatures.
- 6.2. If the Michigan Department of Treasury does not approve the capture of school taxes for the Satellite SmartZone, the MOU becomes null and void.

**CITY OF SOUTHFIELD**

Address: 26000 Evergreen Road  
Southfield, Michigan 48076

BY: Frederick E. Corey, Jr.  
Frederick E. Corey, Jr.

ITS: City Administrator

DATE: 9-12-14

**CITY OF SOUTHFIELD LOCAL DEVELOPMENT FINANCE AUTHORITY**

BY: Frederick E. Corey, Jr.  
Frederick E. Corey, Jr.

ITS: Chair

DATE: 9-12-14

**CITY OF SOUTHFIELD LOCAL DEVELOPMENT FINANCE AUTHORITY SUBCOMMITTEE**

BY: Frederick E. Corey, Jr.  
Frederick E. Corey, Jr.

ITS: Chair

DATE: 9-12-14

**CITY OF TROY**

Address: 500 W. Big Beaver Road  
Troy, Michigan 48084

BY: 

ITS: Mayor

DATE: September 8, 2014

BY: 

ITS: City Clerk

DATE: September 8, 2014

**CITY OF PORT HURON  
LOCAL DEVELOPMENT FINANCE AUTHORITY  
COUNTY OF ST. CLAIR, STATE OF MICHIGAN  
RESOLUTION TO SUPPORT THE DESIGNATION OF THE ST. CLAIR INNOVATION  
AND TECHNOLOGY SMARTZONE AS A SATELLITE TO THE AUTOMATION ALLEY SMARTZONE**

WHEREAS, Public Act 281 of 1986, as amended, is an act to prevent urban deterioration and encourage economic development including, but not limited to, high-technology industries and activity and to encourage neighborhood revitalization and historic preservation and to provide a mechanism for developing and implementing plans within a development area and

WHEREAS, Public Act 281 of 1986, as amended, provides for the establishment of local development finance authorities as well as joint authorities and to prescribe its powers and duties; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; to prescribe powers and duties of certain state officers and agencies; and to authorize and permit the use of tax increment financing, and

WHEREAS, the Cities of Southfield and Troy have joined to establish a Joint Local Development Finance Authority under the Act and the Automation Alley SmartZone, and

WHEREAS, Section 12 (b) of Act 281, as amended, provides that the city councils of two or more municipalities may declare by resolution their intention to host the creation of a satellite SmartZone located within a distinct geographic area, and

WHEREAS, the City Councils of the Cities of Southfield and Troy have determined that the unique characteristics and specialties offered by public and private resources within the St. Clair Innovation and Technology SmartZone Technology (SCCiTech) as a Satellite SmartZone meets the criteria set forth in Section 12 (b) of Act 281, as amended.

WHEREAS, the City Councils of the Cities of Southfield and Troy have determined that by hosting SCCiTech as a Satellite SmartZone and delegating coordination between the Host and Satellite SmartZone to Automation Alley, regional cooperation and coordination and collaboration will be significantly enhanced, as set forth in Section 12 (b) of Act 281, as amended, and

WHEREAS, the City Councils of the Cities of Southfield and Troy recognize that hosting SCCiTech as a satellite SmartZone adds value to the Joint Southfield/Troy LDFA and Automation Alley SmartZone, as set forth in Section 12 (b) of Act 281.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Local Development Finance Authority of the City of Port Huron determines that the SCCiTech Satellite SmartZone will benefit the City's objective of promoting growth in an area of the City of Port Huron defined as a certified technology park, particularly growth related to industries engaged in high-technology, including, but not limited to, advanced manufacturing, advanced computing, research and development, life sciences and biotechnology.
2. That the Local Development Finance Authority of the City of Port Huron does hereby approve the Memorandum of Understanding, which may otherwise be known as the Satellite SmartZone Agreement, in substantially the form presented in Exhibit A hereto, including the SCCiTech SmartZone Plan attached thereto.
3. The Chairman of the Local Development Finance Authority of the City of Port Huron is authorized to execute any and all documents related to this matter, including the Memorandum of Understanding, and submit the same to the City Clerk of Port Huron for Approval by Port Huron.
4. The City Clerk shall file this resolution with the Michigan Secretary of State promptly after its adoption, and shall publish it at least once in a newspaper of general circulation within the City of Port Huron.
5. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be, and the same hereby are, rescinded.

September 15, 2014

**CITY OF PORT HURON**

Address: 100 McMorran Blvd.  
Port Huron, Michigan 48060

BY: See attached signature page

ITS: Mayor

DATE: \_\_\_\_\_

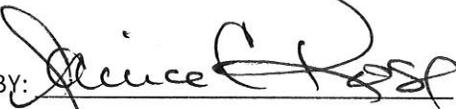
BY: See attached signature page

ITS: City Clerk

DATE: \_\_\_\_\_

**PORT HURON LOCAL DEVELOPMENT FINANCE AUTHORITY**

Address: 100 McMorran Blvd.  
Port Huron, Michigan 48060

BY: 

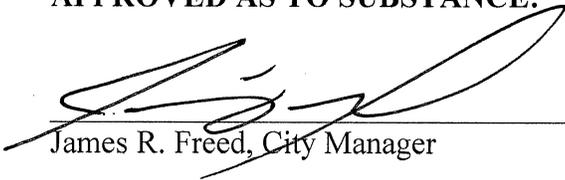
ITS: Chair

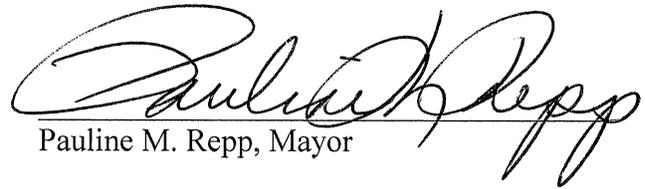
DATE: 9-15-14

IN WITNESS WHEREOF, the City of Port Huron officials signing below are authorized to sign this agreement as provided for in the 2011 City Charter of the City of Port Huron, Chapter 10, Section 10-1.

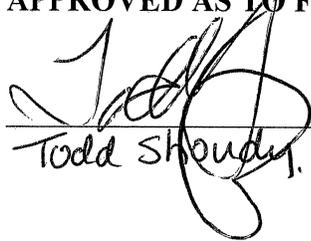
**CITY OF PORT HURON**

**APPROVED AS TO SUBSTANCE:**

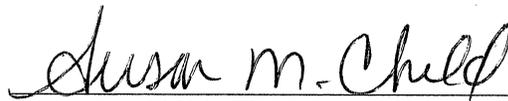
  
James R. Freed, City Manager

  
Pauline M. Repp, Mayor

**APPROVED AS TO FORM:**

  
Todd Shoudry, City Attorney

**ATTESTED TO:**

  
Susan M. Child, City Clerk

**CERTIFIED AS TO SUFFICIENCY  
OF FUNDS:**

  
Edward P. Brennan, Director of Finance

Dated: 9-9-14

NOTE: This signature sheet for City of Port Huron officials is for the Memorandum of Understanding for the SCCiTech SmartZone Application.

August 20, 2014

**KIMBALL TOWNSHIP**

Address: 2160 Wadhams Road  
Kimball, Michigan 48074

BY: 

ITS: Supervisor

DATE: 9/9/14

BY: Nicole V Blaszczuk

ITS: Clerk - Deputy Clerk

DATE: 9.9.2014

August 20, 2014

**ST. CLAIR COUNTY INNOVATION AND TECHNOLOGY SMARTZONE**

Address: 735 Erie Street, Suite 250  
Port Huron, Michigan 48060

BY: Alonut B. Casey

ITS: Director

DATE: 9/11/14

September 15, 2014

# **Attachment I**



## Benefits of the Partnership: Southfield

Automation Alley is Michigan's largest technology business association, connecting government, business and education to drive the growth of Southeast Michigan's economy. Since its founding in 1999, the organization has grown to include nearly 1,000 members from the city of Detroit and the surrounding eight-county region.

### PROGRAM AND RESOURCE BENEFITS

- Automation Alley Foundation Membership
- Automation Alley programming and/or presentations in Southfield in the following areas:
  - International business
  - Talent development
  - Entrepreneurship
  - Defense & Manufacturing
  - Product Lifecycle Management
- Exporting resources and the opportunity to participate in our exporting/business attraction trade missions
- Ability to share Southfield's marketing materials with incoming businesses at Automation Alley's International Business Center
- Access to contract opportunities within the defense industry
- PLM Center availability for members of the industrial community, providing digital training that is necessary for today's advanced manufacturers
- Development of business incubator services in Southfield
- Access to Automation Alley's virtual accelerator program, The 7Cs – a completely new, comprehensive, and intense virtual incubator experience – for advanced manufacturing technology startups, with up to \$50,000 in directed funding available per company (subject to Technology Investment Committee approval)
- Qualified applicants to the Automation Alley 7Cs program will receive:
  - Up to \$50,000 in directed investment into each company
  - Access to expertise in developing the startup's valid and sustainable business model through one on one consulting with the Automation Alley entrepreneurial staff
  - Creation of a professionally developed sales video for each of the selected advanced technology start-ups and inclusion in Automation Alley's exclusive "First Look Deal Book", a website devoted to promoting new innovations to large established manufacturers
  - Intense ongoing leadership, sales, and marketing coaching and facilitation by third party consultants using industry leading tools such as EOS (The Entrepreneurs Operating System) and The Sandler Sales Method, or similar quality industry recognized programs
  - Marketing resources and expertise to prove product-market fit
  - Matchmaking services to many of the top 100 auto suppliers through our exclusive "First Look" program to help secure the technology company's first customer and/or strategic investor
  - Silver Automation Alley membership package, entitling them to submit press releases, participate in networking events and access additional Automation Alley resources in the Silver package

## Benefits of the Partnership: Troy

Automation Alley is Michigan's largest technology business association, connecting government, business and education to drive the growth of Southeast Michigan's economy. Since its founding in 1999, the organization has grown to include nearly 1,000 members from the city of Detroit and the surrounding eight-county region.

### PROGRAM AND RESOURCE BENEFITS

- Automation Alley Foundation Membership
- Automation Alley programming and/or presentations in Troy in the following areas:
  - International business
  - Talent development
  - Entrepreneurship
  - Defense & Manufacturing
  - Product Lifecycle Management
- Exporting resources and the opportunity to participate in our exporting/business attraction trade missions
- Ability to share Troy's marketing materials with incoming businesses at Automation Alley's International Business Center
- Access to contract opportunities within the defense industry
- PLM Center availability for members of the industrial community, providing digital training that is necessary for today's advanced manufacturers
- Access to Automation Alley's virtual accelerator program, The 7Cs – a completely new, comprehensive, and intense virtual incubator experience – for advanced manufacturing technology startups, with up to \$50,000 in directed funding available per company (subject to Technology Investment Committee approval)
- Qualified applicants to the Automation Alley 7Cs program will receive:
  - Up to \$50,000 in directed investment into each company
  - Access to expertise in developing the startup's valid and sustainable business model through one on one consulting with the Automation Alley entrepreneurial staff
  - Creation of a professionally developed sales video for each of the selected advanced technology start-ups and inclusion in Automation Alley's exclusive "First Look Deal Book", a website devoted to promoting new innovations to large established manufacturers
  - Intense ongoing leadership, sales, and marketing coaching and facilitation by third party consultants using industry leading tools such as EOS (The Entrepreneurs Operating System) and The Sandler Sales Method, or similar quality industry recognized programs
  - Marketing resources and expertise to prove product-market fit
  - Matchmaking services to many of the top 100 auto suppliers through our exclusive "First Look" program to help secure the technology company's first customer and/or strategic investor
  - Silver Automation Alley membership package, entitling them to submit press releases, participate in networking events and access additional Automation Alley resources in the Silver package

## Benefits of the Partnership: St. Clair County/Port Huron

Automation Alley is Michigan's largest technology business association, connecting government, business and education to drive the growth of Southeast Michigan's economy. Since its founding in 1999, the organization has grown to include nearly 1,000 members from the city of Detroit and the surrounding eight-county region.

### PROGRAM AND RESOURCE BENEFITS

- Automation Alley Foundation Membership
- Automation Alley programming and/or presentations in St. Clair County in the following areas:
  - International business
  - Talent development
  - Entrepreneurship
  - Defense & Manufacturing
  - Product Lifecycle Management
- Exporting resources and the opportunity to participate in our exporting/business attraction trade missions
- Ability to share Port Huron's marketing materials with incoming businesses at Automation Alley's International Business Center
- Access to contract opportunities within the defense industry
- Assistance in exploring an initiative to create a food distribution center
- PLM Center availability for members of the industrial community, providing digital training that is necessary for today's advanced manufacturers
- Support for the incubator in development
- Access to Automation Alley's virtual accelerator program, The 7Cs – a completely new, comprehensive, and intense virtual incubator experience – for advanced manufacturing technology startups, with up to \$50,000 in directed funding available per company (subject to Technology Investment Committee approval)
- Qualified applicants to the Automation Alley 7Cs program will receive:
  - Up to \$50,000 in directed investment into each company
  - Access to expertise in developing the startup's valid and sustainable business model through one on one consulting with the Automation Alley entrepreneurial staff
  - Creation of a professionally developed sales video for each of the selected advanced technology start-ups and inclusion in Automation Alley's exclusive "First Look Deal Book", a website devoted to promoting new innovations to large established manufacturers
  - Intense ongoing leadership, sales, and marketing coaching and facilitation by third party consultants using industry leading tools such as EOS (The Entrepreneurs Operating System) and The Sandler Sales Method, or similar quality industry recognized programs
  - Marketing resources and expertise to prove product-market fit
  - Matchmaking services to many of the top 100 auto suppliers through our exclusive "First Look" program to help secure the technology company's first customer and/or strategic investor
  - Silver Automation Alley membership package, entitling them to submit press releases, participate in networking events and access additional Automation Alley resources in the Silver package

## **Attachment II**

**ATTACHMENT A**  
**SCiTech SmartZone Budget**

**Proposed SmartZone Operating Budget - Expenses**

<i>Direct Operations</i>			\$ 75,000
Executive Director		\$ 55,000	
Administrative Support		\$ 3,000	
Office Supplies & Services	Postage, printing, supplies	\$ 3,000	
Marketing		\$ 11,000	
Rent	Office space, computer, software, and other technology	\$ 3,000	
<i>Acceleration Services</i>			\$ 138,000
Automation Alley	Contracted programs and services	\$ 50,000	
Spartan Innovations	CEO-In-Residence and Green Light Program	\$ 65,000	
TechPort	Contracted programs and services	\$ 23,000	
<b>Total</b>			<b>\$ 213,000</b>

**SmartZone Sources of Revenue**

<i>Cash Contributions</i>			\$ 133,000
St. Clair County Community Foundation	TechPort Operations	\$ 15,000	
City of Port Huron LDFA	Direct Operations	\$ 63,000	
City of Port Huron LDFA	Automation Alley Contracted Services	\$ 40,000	
City of Port Huron	TechPort Operations	\$ 5,000	
Kimball Township	Automation Alley Contracted Services	\$ 10,000	
<i>In-Kind Contributions</i>			\$ 77,000
Economic Development Alliance	Direct Operations	\$ 12,000	
Spartan Innovations		\$ 65,000	
<i>Sponsorships</i>			\$ 3,000
Corporate Contributions	TechPort Operations	\$ 3,000	
<b>Total</b>			<b>\$ 213,000</b>

## **Attachment III**

# **St. Clair Innovation and Technology (SCiTech) SmartZone Plan**

## **Executive Summary**

The Automation Alley SmartZone, a partnership of the cities of Southfield and Troy, as well as Automation Alley, is one of the original SmartZones established in Michigan in 2000. The Automation Alley SmartZone has agreed to serve as the host to the proposed St. Clair Innovation and Technology SmartZone, also known as SCiTech.

The proposed certified technology park for SCiTech will include: the existing Port Huron Local Development Finance Authority and Tax Increment Finance Authority districts consisting of 405 acres; the campus of St. Clair Community College; two small buildings in the city's downtown which contain a proposed incubator and TechPort, a newly opened co-working and accelerator facility; and a 384-acre multi-parcel property in nearby Kimball Township, which is slated for future development.

In 2009, a countywide economic development strategic plan known as Blue Meets Green was created. The Plan was largely volunteer driven, included 150 participants, and is focused on the themes of people, place and prosperity for St. Clair County. After it was adopted, a management structure was established and several committees were formed to implement the Plan. The Practical Innovation Committee was charged with implementing a portion of the Plan related to improving the entrepreneurial climate of the region. Over the past few years, the Committee's work has led to the development of TechPort, a co-working and business accelerator program that was formed in 2013.

It is the intent of SCiTech SmartZone to stimulate the growth of technology-based businesses and jobs by capitalizing on both public and private resources within the region and community. TechPort and its programs and services provide an innovation focal point for this to occur. TechPort is a critical catalyst to diversify the economy, drive innovation and strengthen St. Clair County's entrepreneurial climate. Prior to its formation, few programs and resources existed within the county to spur the growth of technology-based businesses. In fact, the nearest public/private incubator was an hour drive away in Detroit. One of the key goals of the SCiTech SmartZone is to support the growth of TechPort by leveraging existing community resources, strategic partnerships, and the programs and services of Automation Alley.

Another key goal of SCiTech SmartZone is to utilize the county's transportation infrastructure, central location, and border with Canada to drive international trade. The Blue Water Bridge is a gateway for global trade with one of the most active border crossings in the United States. It provides important linkages to the automotive and chemical supply chains in Ontario, Michigan, and the Midwest. SCiTech SmartZone will capitalize on these assets to drive innovation in mobility by partnering with Spartan

Innovations, Center for Automotive Research, Michigan State University's Eli Broad School of Business, Automation Alley's International Business Center, and other organizations.

By building on the many assets in the Blue Water Region and growing the TechPort accelerator with support from Michigan State University and the Automation Alley SmartZone, SCiTech SmartZone is projected to generate significant economic impact in St. Clair County and Michigan, resulting in new investment of more than \$250 million and 6,000 direct and indirect jobs over a 15-year period.

## **Overview**

The St. Clair Innovation and Technology (SCiTech) SmartZone is focused on two sectors critical to the economies of Michigan, southeast Michigan and St. Clair County: international trade and promotion; and mobility. Utilizing St. Clair County's critical transportation infrastructure, one of the largest border crossings in North America, binational linkages, and the programs and resources of many strategic partners, SCiTech is poised to assist the State of Michigan to support and grow trade within the region and technology hub. Utilizing these resources and partnerships, SCiTech SmartZone will develop impacts in the following areas:

### **International Trade and Promotion**

- Provision of Michigan-based, regional and Canadian trade resources
- Commercialization and development of technologies that improve border security and the transportation of goods
- Policies that positively impact border security, technology enhancements and reduce inefficiencies in border crossings
- Attraction of companies and assets in the logistics and transportation sector

### **Mobility**

- Software and technology that supports autonomous and connected vehicles
- Research and commercialization of lightweight materials
  - Advanced composites including bio-based materials
  - Lightweight aluminum and joining
  - High-strength steel
- Attraction of existing companies in the mobility sector

It's important to point out that clusters within international trade and mobility already exist within St. Clair County and are located in close proximity to the Blue Water Bridge and existing transportation infrastructure. The trade cluster includes freight forwarders, customs agents and many transportation trucking companies, as well as Customs and Border Patrol.

**Cities of Southfield and Troy  
Joint Local Development Finance Authority  
Executive Summary – 15 year Extension Request**

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**Request**

The Cities of Southfield and Troy seek approval of this Executive Summary requesting a 5-year TIF Extension. The LDFA intends to meet the required legislative criteria including:

- 1) The Cities of Southfield and Troy, their respective LDFA's, and the Joint Southfield/Troy LDFA have agreed to host the St. Clair Innovation and Technology Smartzone (SCCiTech) as a satellite Smartzone. The Host has entered in a Memorandum of Agreement with the Satellite.
- 2) Satellite SCCiTech agrees to include Local TIF in response to receiving state school TIF capture.
- 3) Satellite has a budget in excess of \$200,000 a year for operation.
- 4) LDFA agrees to additional reporting requirements including:
  - Providing monthly reporting for the term of the TIF capture on the following information for companies served by the SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding, and increase in revenue).
  - Providing annual reports for the term of the TIF capture reporting on the progress of regional collaboration.
- 5) Host LDFA agrees to modify its TIF plan to include regional collaboration, as well as agreement with satellite.
- 6) The Cities have also provided a summary of TIF performance against original plan.

**Background**

In 2003, the Cities of Southfield and Troy entered into an agreement to form a Joint Local Development Finance Authority. As a result, the Certified Technology Park designations were established within the Cities of Southfield and Troy (see Figure 1).

The major goal of the Troy LDFA was to attract and support Automation Alley Headquarters in the Certified Technology Park (CTP). Automation Alley is Michigan's largest technology business association with a membership of 1,000, connecting government business and education to drive growth of Southeast Michigan's economy. Other major employers in the CTP include Altair, Inergy Automotive Systems, INA USA Corp, Schaeffler Group USA, Seco Tools and NBS Commercial Interiors.

Automation Alley is located in a 15,430 square foot building which includes certain specialized space designed to accomplish this mission. The Alley is looking to expand operations in Troy which will require additional space. The City has currently budgeted LDFA funds to assist the Alley in evaluating their space needs.

The Southfield CTP is home to a number of large employers including Hantz Bank, CBS Radio, and Barton Malow. The former headquarters of Blue Cross is also located within CTP. Reoccupying the former Blue Cross building and stimulating development of the 34 acre campus is a major challenge faced by the Southfield LDFA. The LDFA has focused on financing and constructing major infrastructure improvements to serve the Park.

### **Satellite Smartzone**

The Host Cities of Southfield and Troy, their respective LDFA's, and the Joint Southfield-Troy LDFA have designated the St. Clair Innovation and Technology SmartZone (SCCiTech) as a Satellite SmartZone. The boundaries of the proposed SCCiTech SmartZone are set forth in the SmartZone Plan.

The Host has determined that the Satellite has the following unique characteristics and specialties:

- SCCiTech is located within a region which is the gateway for international trade, particularly Canada. It provides vital linkages to the automotive and chemical supply chains in Michigan, Ontario and the Midwest.
- SCCiTech is in a unique position in Michigan to capitalize upon commercialization and development of technologies that improve border security and improve efficiencies in the transport of goods.
- SCCiTech will focus on promoting enhanced mobility through autonomous and connected vehicles software and technologies and lightweight material research.
- SCCiTech is a key sponsor and supporter of Tech Port, a co-working and business accelerator program which is a critical catalyst to diversify the economy and drive innovation.
- SCCiTech has also formed key partnerships with Spartan Innovations, Center of Automotive Research, MSU Eli Broad School of Business, Automation Alley and other organizations.

The Host and Satellite have identified the following benefits to regional collaboration and cooperation:

- Both Host and Satellite recognize the benefit of regional collaboration and cooperation to help the growth of technology based businesses and jobs. The Host and Satellite recognize the benefit of collaborative arrangements with other community partners. Expanded collaboration could be a benefit through attraction and retention of a trained workforce, nurturing existing second stage companies and formation of new technology based businesses.
- The Host and Satellite agree to financially support the activities of Automation Alley. Both communities that comprise the Host each agree to make a minimum annual contribution to Automation Alley of \$50,000. The Satellite also agrees to make a minimum annual contribution of \$50,000.
- Services to be provided to the Host and Satellite are included in Appendix I to this MOU.

The Host has determined that the Satellite will add to the mission of the Host in the following manner:

- The unique position of SCCiTech to capitalize on all aspects of international trade meshes seamlessly with the mission of Automation Alley and the Automation Alley Smart Zone, particularly the International Trade Center.
- Commercialization and technologies that support border security and improve efficiencies in the transport of goods offer significant opportunities for innovation from the private sector as well as our educational partners.

### **Accomplishments and Expectations of Host and Satellite**

#### Troy LDFA

The Joint Local Development Finance Authority adopted a Development and Tax Increment Financing Plan. The adoption of the plan allowed for financing and construction of certain public improvements, which the City of Troy needed to support the CTP. The TIF also provided a certain level of support for the business accelerator/incubator program operated by Automation Alley. As a result, the City was able to attract Automation Alley to the CTP and assist in an additional expansion.

The City's support for Automation Alley has yielded impressive results. The Alley has invested in high-tech startups, promoted expert sales and created or supported 4,791 jobs. In addition to business attraction and development, Automation Alley has secured training grants to make high level IT training available to its local partner companies.

In return for its support of Automation Alley, Troy has benefitted significantly. Over 16% of the Alley's members are Troy-based. The City has been featured in numerous Automation Alley promotions and publications. As a Foundation member, the City also enjoys the use of the Alley's facilities and meeting rooms.

#### Southfield LDFA

The Southfield LDFA has devoted considerable resources to improving infrastructure to the CTP. The Southfield LDFA has financed their share of the cost of I-696 interchange improvements and financed and constructed improvements to Franklin Road, Center Drive, America Drive and Eleven Mile Road. In addition, there have been landscaping and lighting improvements in conjunction with road and pedestrian improvements.

Both Troy and Southfield will amend their Development and Tax Increment Financing Plans to reflect the 15-year extension upon approval by MEDC.

## **SCCiTech**

By building on the many assets in the Blue Water Region and growing the TechPort accelerator with support from Michigan State University and the Automation Alley SmartZone, SCCiTech SmartZone is projected to generate significant economic impact in St. Clair County and Michigan through the use of school tax as well as property tax capture. New investment of more than \$250 million and 6,000 direct and indirect jobs over a 15-year period are expected as a result.

The SCCiTech SmartZone is projected to generate 2.1 million square feet of new development within the certified technology park, including: 40% related to core manufacturing; 25% from technology and research and development; 25% from warehousing, distribution and logistics; and 10% office. Total investment from development and new equipment is projected to be \$252.525 million. Job creation from new development is projected as follows:

### *Direct Jobs*

Manufacturing – 1,680

Office – 1,050

Technology, Research & Development – 1,050

Warehousing, Distribution, Logistics – 525

Total Direct Jobs – 4,305

Total Indirect Jobs – 1,750\*

Total Jobs – 6055

\*Multiplier for St. Clair County is 1.42.

The entrepreneurial impact of the SCCiTech SmartZone is based on a conservative model. It forecasts that three (3) startup companies will form each year, or 45 total over 15 years, creating 135 jobs.

## **Regional Collaboration**

The Cities of Southfield and Troy, in collaboration with public- and private-sector partners, are focused on helping businesses grow. Both Cities recognize the benefit of collaborative arrangements with other community partners. Expanded collaboration could be a benefit through attraction and retention of a trained workforce, nurturing existing second stage companies and formation of new technology based businesses.

The City of Troy has formed a strong alliance with key stakeholders including Automation Alley, Walsh College, Troy Chamber of Commerce, Oakland County's Economic Development Office and the Michigan Economic Development Corporation to provide targeted business assistance. Through an economic gardening approach, Troy's economic development staff assists local companies by identifying specific business needs and providing the information, infrastructure and connectivity necessary to address those needs. By leveraging Troy's unique community assets, partnerships and available tools to promote business growth, the City is creating an environment for investment.

The City of Southfield established a strong track record of intergovernmental collaboration with more than 150 partnerships. Centrally located within the region, the City coordinates economic development activities with MEDC, Oakland County, the Detroit Regional and Southfield Area Chambers and other state and regional organizations. Southfield also has an active partnership with Lawrence Technological University (LTU). LTU is launching the LTU Detroit Design and Technology Center in Midtown Detroit.

Troy's partnership with and support for Automation Alley resulted in one of the most successful regional collaboration efforts in Michigan. As part of the request for a 5 year extension, the City of Southfield agrees to expand their efforts at regional collaboration by providing additional support for Automation Alley, including, but not limited to, becoming a foundation member. Therefore, both Troy and Southfield agree to support the Alley's extensive program of regional collaboration. With membership located in Oakland, Macomb, Wayne, Washtenaw, Livingston, Genesee, Ingham and St. Clair Counties, Automation Alley has additional offices in Macomb County, Sterling Heights, and Detroit. As a result, Automation Alley will continue to conduct the following regional activities:

- Workforce training across region
- Programming presented across region
- Invested nearly \$9 million in companies within region resulting in several thousand jobs
- Introduced a significant number of companies within region to global marketplace visiting 22 nation and securing \$350 million in contracts
- Automation Alley Technology Gala has been held in Detroit, Wayne County, Oakland County and Macomb County
- Prepare the only State of Technology Report in Michigan

The designation of the SCCiTech satellite will greatly enhance regional collaboration. The Host communities have identified the assets of the Satellite and how such assets will be mutual benefit. The documentation of the relationship between Host and Satellite is set forth below.

To further foster regional cooperation and collaboration, both the Host and Satellite have agreed to designate responsibility for coordination of activities between the Host and Satellite to Automation Alley.

### **Goals of Extension**

While the Host and Satellite LDFA's will finance their own activities, the extension would achieve the goals set forth in the Memorandum of Understanding.

### **Reporting Requirements**

In the request for extension, the Host Joint Southfield and Troy LDFA's and the Satellite SCCiTech will agree to additional reporting requirements including:

- Providing monthly reporting for the term of the TIF capture on the following information for companies served by the SmartZone: companies created, jobs created, and investment in companies by source (federal grants, state grants, venture capital, angel funding, and increase in revenue).
- Providing annual reports for the term of the TIF capture reporting on the progress of regional collaboration.

### **Performance against Original Plan and Effect of Extension**

#### Troy LDFA

As has been experienced with other TIF's, the Smart Zone LDFA has captured significantly less than anticipated. The original TIF plan projected \$7,545,521 in tax capture from 2002-2013, though only \$1,840,191 was captured. While the decline in taxable value appears to have stabilized, increases in taxable value going forward will increase at the rate of inflation. No significant increases within the District can be anticipated through new development.

Table 1 provides a projection of estimated revenues for the remaining 5 years of the LDFA and for 15 additional years if extended. For the next 5 years, the LDFA will generate \$453,272. If extended for another 15 years, the LDFA would generate an additional \$1,749,544.

#### Southfield LDFA

The Southfield LDFA has captured sufficient TIF revenues to fund infrastructure improvements set forth in the Joint LDFA Development and Financing Plan. The original TIF plan projected \$4,701,538 in tax capture (include the amount of local capture and school capture) from 2002-2013, though only \$2,559,024 was captured. Table 2 provides a projection of estimated revenue for the remaining 5 years of the LDFA and for additional 15 years if extended. For the next 5 years, the LDFA will generate \$1,275,539. If extended for another 15 years, the LDFA would generate an additional \$4,919,453.

**Table 1**  
**Troy LDFA: Estimated Revenues**

	Revenue <sup>1</sup>	
	Gross (\$)	Net (\$)
<b>2014</b>	86,234	77,610
<b>2015</b>	88,390	73,890
<b>2016</b>	90,600	76,100
<b>2017</b>	92,865	78,365
<b>2018</b>	95,186	80,686
<b>Subtotal</b>	<b>453,274</b>	<b>386,650</b>
<b>2019</b>	97,566	83,066
<b>2020</b>	100,005	85,505
<b>2021</b>	102,505	88,005
<b>2022</b>	105,068	90,568
<b>2023</b>	107,694	93,194
<b>2024</b>	110,387	95,887
<b>2025</b>	113,146	98,646
<b>2026</b>	115,975	101,475
<b>2027</b>	118,875	104,375
<b>2028</b>	121,846	107,346
<b>2029</b>	124,893	110,393
<b>2030</b>	128,015	113,515
<b>2031</b>	131,215	116,715
<b>2032</b>	134,496	119,996
<b>2033</b>	137,858	123,358
<b>Subtotal</b>	<b>1,749,544</b>	<b>1,532,044</b>
<b>Total</b>	<b>2,202,818</b>	<b>1,918,694</b>

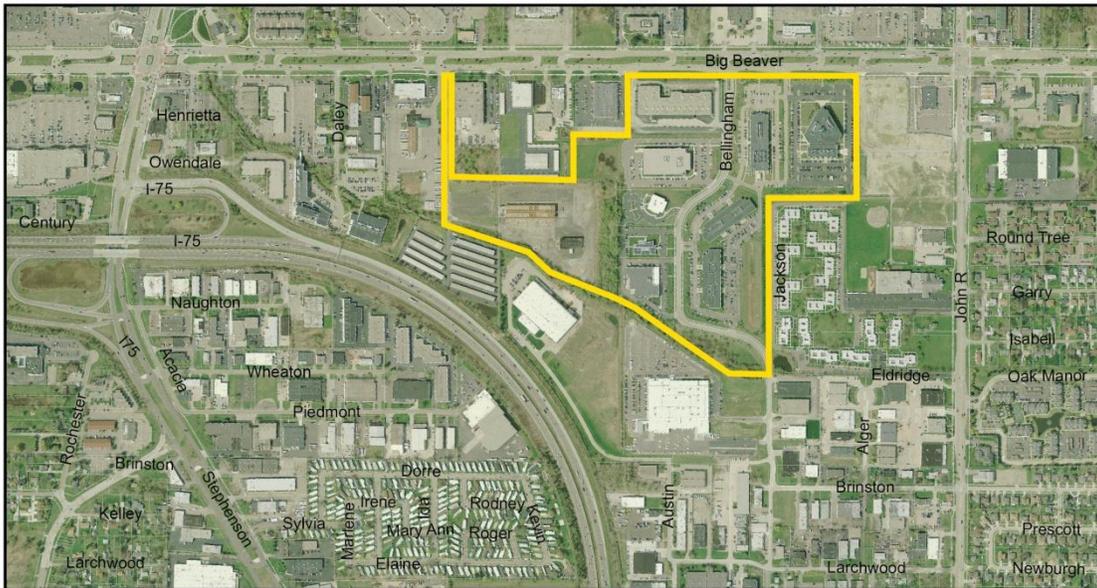
1 Gross revenue assumes 2.5% increase annually. Net revenues assume stable \$14,500 annually for administrative cost.

**Table 2**  
**Southfield LDFA: Estimated Revenues**

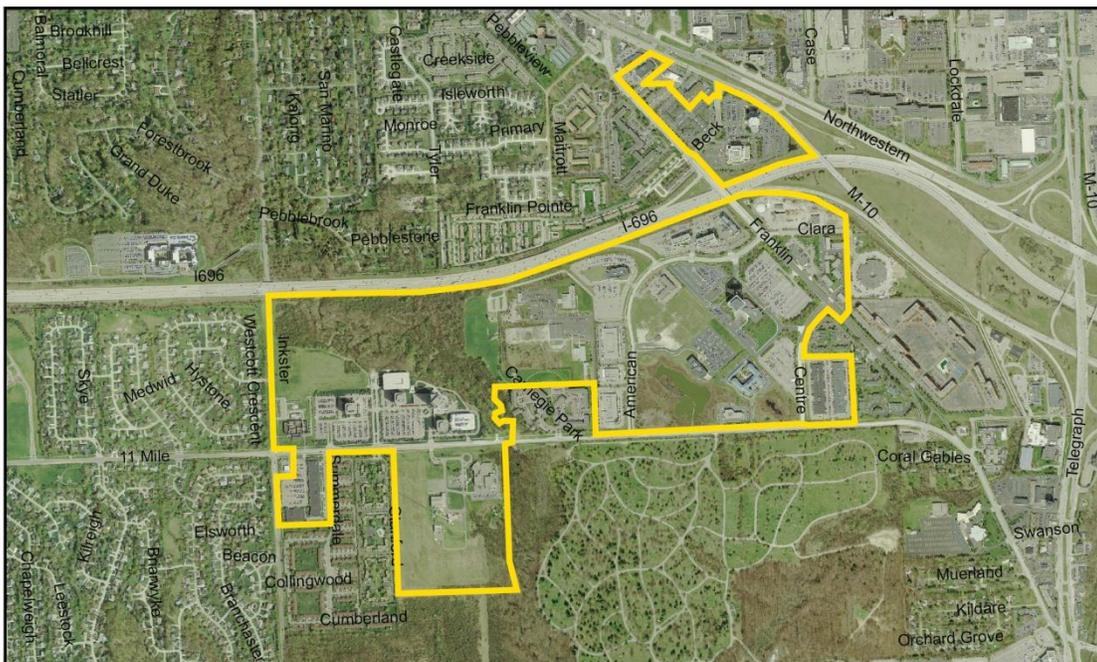
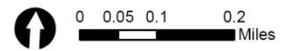
	Revenue <sup>1</sup>	
	Gross (\$)	Net (\$)
<b>2014</b>	242,477	218,229
<b>2015</b>	248,538	223,684
<b>2016</b>	254,751	229,275
<b>2017</b>	261,120	235,008
<b>2018</b>	267,648	240,883
<b>Subtotal</b>	<b>1,274,539</b>	<b>1,147,085</b>
<b>2019</b>	274,339	246,905
<b>2020</b>	281,197	253,077
<b>2021</b>	288,227	259,404
<b>2022</b>	295,433	265,889
<b>2023</b>	302,819	272,537
<b>2024</b>	310,391	279,352
<b>2025</b>	318,151	286,336
<b>2026</b>	326,105	293,494
<b>2027</b>	334,257	300,832
<b>2028</b>	342,614	308,352
<b>2029</b>	351,179	316,061
<b>2030</b>	359,958	323,963
<b>2031</b>	368,957	332,062
<b>2032</b>	378,181	340,363
<b>2033</b>	387,636	348,872
<b>Subtotal</b>	<b>4,919,453</b>	<b>4,427,508</b>
<b>Total</b>	<b>6,193,992</b>	<b>5,574,593</b>

1 Gross revenue assumes 2.5% increase annually. Net revenues assume 10% allocation annually to administration.

Figure 1



SmartZone - Troy Campus



SmartZone - Southfield Campus



These are not legally recorded maps.

Carlisle/Wortman Associates, Inc.  
June 2014

# St. Clair County Innovation and Technology (SCCiTech) SmartZone Plan

## Executive Summary

The Automation Alley SmartZone, a partnership of the cities of Southfield and Troy, as well as Automation Alley, is one of the original SmartZones established in Michigan in 2000. The Automation Alley SmartZone has agreed to serve as the host to the proposed St. Clair County Innovation and Technology SmartZone, also known as SCCiTech.

The proposed certified technology park for SCCiTech will include: the existing Port Huron Local Development Finance Authority and Tax Increment Finance Authority districts consisting of 405 acres; the campus of St. Clair Community College; two small buildings in the city's downtown which contain a proposed incubator and TechPort, a newly opened co-working and accelerator facility; and a 384-acre multi-parcel property in nearby Kimball Township, which is slated for future development.

In 2009, a countywide economic development strategic plan known as Blue Meets Green was created. The Plan was largely volunteer driven, included 150 participants, and is focused on the themes of people, place and prosperity for St. Clair County. After it was adopted, a management structure was established and several committees were formed to implement the Plan. The Practical Innovation Committee was charged with implementing a portion of the Plan related to improving the entrepreneurial climate of the region. Over the past few years, the Committee's work has led to the development of TechPort, a co-working and business accelerator program that was formed in 2013.

It is the intent of SCCiTech SmartZone to stimulate the growth of technology-based businesses and jobs by capitalizing on both public and private resources within the region and community. TechPort and its programs and services provide an innovation focal point for this to occur. TechPort is a critical catalyst to diversify the economy, drive innovation and strengthen St. Clair County's entrepreneurial climate. Prior to its formation, few programs and resources existed within the county to spur the growth of technology-based businesses. In fact, the nearest public/private incubator was an hour drive away in Detroit. One of the key goals of the SCCiTech SmartZone is to support the growth of TechPort by leveraging existing community resources, strategic partnerships, and the programs and services of Automation Alley.

Another key goal of SCCiTech SmartZone is to utilize the county's transportation infrastructure, central location, and border with Canada to drive international trade. The Blue Water Bridge is a gateway for global trade with one of the most active border crossings in the United States. It provides important linkages to the automotive and chemical supply chains in Ontario, Michigan, and the Midwest. SCCiTech SmartZone will capitalize on these assets to drive innovation in mobility by partnering with Spartan

Innovations, Center for Automotive Research, Michigan State University's Eli Broad School of Business, Automation Alley's International Business Center, and other organizations.

By building on the many assets in the Blue Water Region and growing the TechPort accelerator with support from Michigan State University and the Automation Alley SmartZone, SCCiTech SmartZone is projected to generate significant economic impact in St. Clair County and Michigan, resulting in new investment of more than \$250 million and 6,000 direct and indirect jobs over a 15-year period.

## Overview

The St. Clair County Innovation and Technology (SCCiTech) SmartZone is focused on two sectors critical to the economies of Michigan, southeast Michigan and St. Clair County: international trade and promotion; and mobility. Utilizing St. Clair County's critical transportation infrastructure, one of the largest border crossings in North America, binational linkages, and the programs and resources of many strategic partners, SCCiTech is poised to assist the State of Michigan to support and grow trade within the region and technology hub. Utilizing these resources and partnerships, SCCiTech SmartZone will develop impacts in the following areas:

### International Trade and Promotion

- Provision of Michigan-based, regional and Canadian trade resources
- Commercialization and development of technologies that improve border security and the transportation of goods
- Policies that positively impact border security, technology enhancements and reduce inefficiencies in border crossings
- Attraction of companies and assets in the logistics and transportation sector

### Mobility

- Software and technology that supports autonomous and connected vehicles
- Research and commercialization of lightweight materials
  - Advanced composites including bio-based materials
  - Lightweight aluminum and joining
  - High-strength steel
- Attraction of existing companies in the mobility sector

It's important to point out that clusters within international trade and mobility already exist within St. Clair County and are located in close proximity to the Blue Water Bridge and existing transportation infrastructure. The trade cluster includes freight forwarders, customs agents and many transportation trucking companies, as well as Customs and Border Patrol.

## Existing Conditions

St. Clair County has a long heritage of technology development that draws from the legacy of one of the world's most prominent innovators, Thomas Edison. As a young boy, Thomas Edison lived in Port Huron, trolling the shores of the St. Clair River and beginning his first business ventures. Today, his entrepreneurial heritage still permeates the environment and economy of the Blue Water area.

The economy of St. Clair County is supported by diverse industries and strong clusters in automotive. Some of these industries have existed in the county since the turn of the last century including paper production, salt mining, brass and copper forging, and energy production. However, the strongest existing cluster today is automotive plastic design and production. Some of the largest tiered suppliers to the automotive OE's are located across St. Clair County. In addition, this industry is supported by critical infrastructure and chemical development across the border in Sarnia, Ontario, as well as in the county. From the supply of raw materials, to the formulation of plastic compounds, the supply chain that supports the plastics industry is clearly an economic advantage that the county provides over other regions of North America.

St. Clair County is centrally located to 25 automotive assembly plants located within a four-hour drive creating another important advantage. The automotive supply chain benefits from the critical transportation infrastructure that exists within the county, which includes:

- I-94, connecting to the metro region
- I-69 International Trade Corridor, a NAFTA corridor connecting Canada to the U.S. and Mexico
- CN rail line from Canada to the U.S. and paralleling the I-69 corridor to Mexico
- Double-stacked rail tunnel under the St. Clair River, the third most active rail crossing in the U.S.
- Blue Water Bridge, the fifth largest international crossing in the U.S. – 3<sup>rd</sup> largest for commercial trucks
- CSX rail line connecting the metro region to the CN rail line
- Deep water ports along the St. Clair River
- Proximity to three international airports located within one-hour and 15 minutes
- St. Clair County International Airport providing a regional option for freight and corporate jets

The Blue Water Bridge and double-stacked rail tunnel are particularly important assets to the automotive supply chain due to the location of seven automotive assembly plants in Ontario.

## Location

### Port Huron

The Port Huron Local Development Finance Authority district is identified in *Attachment A* and *Attachment B*. The Authority was established in 1993. The City of Port Huron is proposing to expand

the boundaries of the district to include undeveloped land to the south of the current district as well as north and east to encompass a larger section of the Port Huron Industrial Park, a tax increment financing district. Collectively, the TIFA, LDFA and expansion area is identified as Zone A of the proposed Certified Technology Park. In addition, Zone B of the proposed Certified Technology Park will be established in downtown Port Huron to encompass two buildings, which are being considered for a future incubator, as well as the St. Clair Community College Campus, as identified in *Attachment B*.

In addition to containing a local development finance authority, the Port Huron Industrial Park also is identified as a federally designated HubZone and Foreign Trade Zone #210, for which the Economic Development Alliance is the grantee.

#### Kimball Township

Kimball Township is proposing to establish a local development finance authority and a district covering 384 acres consisting of multiple parcels. The proposed district is identified in *Attachment C* and is bounded by I-94 to the east, Ravenswood Rd. to the north, Allen Rd. to the west, and Smith Creek Rd. to the south. The property is located one mile from the Range Road and I-94 Interchange and one-half mile from the CN rail line. Further, the property is less than two miles from I-69, and is five miles from the Blue Water Bridge and St. Clair Rail Tunnel.

## **Purpose and Goals**

SCCiTech has adopted the following goals:

- Promote the advantages the Blue Water area offers to start or grow technology-oriented companies. SCCiTech's marketing efforts will complement and enhance those of organizations, communities and educational institutions involved in the SmartZone. It also will support the State's SmartZone marketing efforts.
- Develop tools to expand and foster collaboration, partnerships and networking between government, education and business. SCCiTech will support efforts to enhance technology transfer and commercialization with the support of the Automation Alley Technology Accelerator.
- Establish and enhance meaningful collaboration with public and private sector partners to drive innovation and commercialization activity in mobility and to enhance international trade.
- Diversify the economy of St. Clair County by attracting and growing a cluster of technology companies in the target sectors.

The SmartZone<sup>SM</sup> Plan is a living document. It will be updated from time-to-time to reflect changes within the SCCiTech SmartZone and the Statewide SmartZone<sup>SM</sup> program.

## Management Structure

The EDA, a 501 (C) 6 non-profit, is the only economic development agency in St. Clair County and is funded by municipalities, including the city of Port Huron, as well as private sector companies. The EDA will assign a staff person to serve as the full-time SmartZone executive director. The city of Port Huron will provide the funding for this position through the PHLDFA local tax capture. The EDA will oversee the development and marketing of the SmartZone utilizing its existing staff and resources.

The PHLDFA is an existing authority that will oversee the certified technology park. The city of Port Huron currently provides administrative support to the PHLDFA through its Planning Department and will continue to do so.

Kimball Township will establish a local development finance authority once the certified technology park designation is granted. Once that is accomplished, the city of Port Huron and Kimball Township will establish a joint local development authority.

In 2009, the countywide Blue Meets Green Economic Strategic Plan was completed. Since then, the Plan has been implemented and refreshed. The Leadership Council of Blue Meets Green consists of 35 leaders across all sectors of government, education, industry and philanthropy, and is charged to oversee the Plan. One of the key areas within the Plan is practical innovation, which is a strategic effort to diversify the county by developing programs and services that support entrepreneurialism. The Practical Innovation committee oversees this part of the plan and its efforts have led to the establishment of TechPort. The Practical Innovation Committee will serve as an advisory committee to the SmartZone, providing strategic guidance and support through the entire entrepreneurial value chain.

## Partners

SCCiTech provides significant benefits to support international trade and the mobility sector, including efficient transportation infrastructure, abundant resources, and collaborative partnerships with higher-education and industry. The following is a partial list of partners:

### *Municipal Partners*

- City of Port Huron
- Kimball Township

### *Education Partners*

- Michigan State University
  - Center for Community and Economic Development
  - Spartan Innovations

- Product Development Center
- Composite Vehicle Research Center
- St. Clair Community College
- St. Clair County RESA

*Resource Partners*

- Automation Alley
- Automation Alley SmartZone<sup>SM</sup>
- Blue Water Bridge Customs and Border Patrol
- Blue Water Regional Chamber of Commerce
- Center for Automotive Research
- Community Foundation of St. Clair County
- Economic Development Alliance of St. Clair County
- Foreign Trade Zone #210
- Michigan Economic Development Corporation
- Region 6 Small Business Development Center
- TechPort
- U.S. Export Assistance Center

## **Programs and Resources**

One of the benefits of this collaboration is the opportunity to share programs and resources among the partners. This effort combines two counties with distinct economies connected by Automation Alley and its regional programs and services, and the university partners. It’s important to point out that Oakland County and St. Clair County are already connected through their participation in the seven-county Economic Growth Alliance. This partnership, among other initiatives, generates an annual economic forecast of the seven-county area. In addition, both counties are members of SEMCOG and participate in this organization’s many programs and services, including a regional Comprehensive Economic Development Strategic Plan.

The purpose of this section is to identify some of the many programs and resources that are available in St. Clair County and SCCiTech SmartZone that have unique characteristics and can bring value to the partnership.

### Economic Development

- Automation Alley – Automation Alley will provide programs and services to the SmartZone as well as companies located in the county. Additional support is identified below under the Education section.

- Economic Development Alliance (EDA) – Formed in 1952, EDA is one of the oldest economic development organizations in Michigan. It attracts investment and jobs to the county, helps existing companies to expand, provides entrepreneurial programs and services and assists communities. It will serve as the program manager for SCCiTech.
- Port Huron Local Development Finance Authority (PHLDFA) – PHLDFA is an established LDFA with an approved operating budget in 2014-2015 of \$349,000. PHLDFA is proposing to expand the boundaries of the district and make it coterminous with the future certified technology park boundaries. This expansion would provide for future tax increment financing to fund an incubator and construction of speculative industrial/technology buildings within the park.
- SCCiTech Joint Local Development Finance Authority (SCJLDFA) – SCJLDFA does not presently exist but will be created to represent the boundaries of the certified technology park, which will encompass 405 acres in the Port Huron Industrial Park in the City of Port Huron and 384 acres in Kimball Township, site of a proposed technology park.

### Entrepreneurial Programs

- Region 6 SBDC – A satellite of the Region 6 Small Business Development Center is located at the EDA offices in Port Huron. A contracted employee provides business counseling services and training programs in St. Clair County and the Thumb Area.
- Blue Water Regional Chamber of Commerce – Provides training programs for entrepreneurs and small businesses. In addition, its BEAT Team provides business assistance to individuals and startup companies, including pro-bono services and counseling.
- Bankers Forums – EDA in conjunction with SBDC offers bankers forums for companies that have completed viable business plans and sound financial projections that are seeking bank or SBA financing. Seven financial institutions participate in the program.
- Automation Alley – St. Clair County and the EDA have long supported Automation Alley’s programs and services. Automation Alley provides an accelerator program for entrepreneurs, industry-focused training, a regional networking platform, and the renowned International Business Center with its trade programs and services.
- TechPort – Located in downtown Port Huron, TechPort, a 501 (c) 3 non-profit, was launched in early 2014 to provide a location for individual innovators to work, convene, solve business problems and socialize. It provides the following services:
  - Co-working space on a membership basis
  - Entrepreneur-in-residence program in conjunction with Spartan Innovations
  - Acceleration services, including training programs and access to angel and venture capital networks
  - TechPort Soup, a quarterly business plan competition
  - Harbor Muskies, a network of experts that provide pro bono services to members
- Community Foundation of St. Clair County – The Community Foundation Board of Directors has established entrepreneurialism as one of its key goals and has pledged the following support:

- \$15,000 grant to TechPort
- C3 Program, a community capital program that is pledging seed funding of \$150,000 over the next three years to startups located in the county. See Attachment H.

### Education

SCCiTech academic partners include Michigan State University and St. Clair Community College. In addition, RESA of St. Clair County will provide access to talent, equipment and training programs through its Technology Center. These educational partners offer unique capabilities and programs that can benefit companies that locate in the certified technology park.

- Michigan State University – Michigan State University is a major research institution in Michigan and provides a number of centers of excellence, programs and services, making it an ideal partner for SCCiTech. The following MSU departments have committed to support the SCCiTech SmartZone:
  - Composite Vehicle Research Center – The Center will connect with SCCiTech’s industry partners to share information, conduct joint research, test and identify commercial applications of promising technology
  - Fraunhofer Institute at MSU – The Institute will serve as a bridge between global research in lightweight and composite materials and SCCiTech’s industry partners
  - Spartan Innovations – This organization is a strategic partner of TechPort and will seek additional opportunities to link university research to entrepreneurs and companies in SCCiTech. In addition, it will hold its inaugural Green Light business plan competition at TechPort. Currently, Spartan Innovations funds a CEO-In-Residence program at TechPort.
  - Center for Community and Economic Development (CCED) – CCED and EDA are collaborating on a grant-funded project focused on the development of a binational strategy between Michigan, St. Clair County, I-69 International Trade Corridor Next Michigan Development Corp. and diverse organizations in Ontario.
- St. Clair Community College – The College is partnering with EDA to create an incubator and to connect students to internship opportunities with companies at TechPort, as well as other private sector strategic partners.
- RESA – RESA is the Intermediate School District in St. Clair County and will expand its technology programs to create an intense 8-week multi-track training program for high school graduates to be held during the summer and in conjunction with manufacturers and technology companies. This program will utilize RESA’s existing technology, faculty and equipment. The objective is to steer graduates into STEM and technical fields by providing instruction and practical experience. Private sector companies will employ students as interns during the program.

## **Benefits to Regional Cooperation and Collaboration**

The Automation Alley SmartZone is a collaborative venture by virtue of the establishment of the Southfield and Troy Joint Local Development Finance Authority, one of only two among Michigan's 15 SmartZones. Further, Automation Alley is a large collaboration providing significant benefit to its members in the private and public sector. The EDA in St. Clair County has maintained a membership with Automation Alley for many years in recognition of the value that this organization brings to companies in our region.

In recognition of this value, the host SmartZone communities of Southfield and Troy and the satellite SmartZone community of Port Huron each have agreed to make a minimal annual contribution of \$50,000 to Automation Alley. This contribution will assist Automation Alley to further its mission to the region and bring valuable programs and services to the partner communities and their companies.

Automation Alley's programs and services will provide valuable resources to assist in workforce development, to grow new businesses, assist with international trade, as well as education. A full list of programs and services that will be provided to the host and satellite communities is identified in *Attachment D*.

## **Value of Satellite to Host SmartZone**

The region that encompasses Automation Alley SmartZone and SCCiTech SmartZone shares much in common, including automotive innovation and culture, higher education institutions and resources, transportation assets, and the growth of international trade. Oakland County and St. Clair County are, in fact, strongly linked in the automotive supply chain. Key transportation assets include two border crossings critical to international trade, and a triangle of expressways, I-69, I-75 and I-94, which are critical conduits to the flow of goods in Michigan and metro Detroit.

SCCiTech SmartZone provides the opportunity to seamlessly mesh its strategic location with Canada and the tremendous flow of product across the border with the international trade programs of Automation Alley and the Automation Alley SmartZone. This partnership has been contemplated in recent years. In fact, an effort was undertaken between Automation Alley and the St. Clair County EDA to seek grant funding in 2012 to establish an international trade office in Port Huron. Importantly, the grant request also included proposed funding to establish an incubator focused on logistics and transportation technology. Unfortunately, the grant was not approved. However, the formalization of this partnership through the SmartZone program will provide opportunities for similar projects to be undertaken in future years.

SCCiTech SmartZone also will support innovation in mobility, including lightweight vehicle technology, and create linkages through its companies and research partnerships to the engineering assets in the Automation Alley SmartZone.

One of the goals of the partnership is to increase the number of companies in St. Clair County that participate in Automation Alley programs and services.

Through its partnership with Spartan Innovations, TechPort's CEO-In-Residence is charged with identifying potential CEO candidates to commercialize one of the 2,700 patents that are available at Michigan State University. By creating the linkage between the members of TechPort and Automation Alley, more candidates may be identified. Further, Automation Alley and the Automation Alley SmartZone will now become a partner in the Green Light business plan competition that will be located at TechPort as a satellite program of Spartan Innovations.

## **Budget**

SCCiTech SmartZone's proposed budget, *Attachment E*, includes revenue of \$213,000 which is derived from multiple sources, including: the PHLDFA local TIF; grants from the Community Foundation of St. Clair County and City of Port Huron; annual contribution from Kimball Township's general fund; and in-kind services from Automation Alley, Spartan Innovations and TechPort. The budget will be updated annually to reflect new revenue and expenses.

The budget includes funding for an executive director, to be housed at the Economic Development Alliance offices. Initially, an existing EDA employee will be reassigned to this position and will serve in a full-time capacity to implement the SmartZone Plan. Currently, an EDA employee is providing administrative support to TechPort. In 2015, PHLDFA, EDA, TechPort and future incubator will enter into an agreement that provides for a full-time contracted executive director position. These duties will include the implementation of the SmartZone Plan and management of TechPort and any incubator(s) established within the program.

It is the City's intent to utilize some of the future capture of school TIF to support the establishment of an incubator within the SCCiTech SmartZone, as well as a portion of TechPort's operating budget. Initially, the City and PHLDFA propose to fund the executive director from local TIF capture within the LDFA budget; however, it is their intent in the future to use school capture for this purpose.

The proposed budget does not include funding for an incubator, although TechPort provides some space for this purpose. However, the City of Port Huron is working with the EDA, Community Action Agency and a private investor to establish an incubator in the Sperry's building. A \$1 million dollar BEDI Grant has been provided by the Department of Housing and Urban Development to purchase the building and construct an incubator. The grant is providing \$170,000 toward the incubator. The SmartZone Plan and budget will be amended when plans for an incubator are finalized.

The budget also provides for annual contracted entrepreneurial services from Automation Alley in the amount of \$50,000. The services initially will be funded by \$40,000 in local capture within the PHLDFA

budget and \$10,000 from the general fund of Kimball Township. In the future, it is the intent of the partners to equally split this fee between the PHL DFA and Kimball Township LDFA. The Kimball Township portion of the fee will be derived from future school capture. The PHL DFA will continue to fund its portion of the fee from local capture.

In addition, Spartan Innovations is funding a CEO-In-Residence that is located at TechPort. The CEO is commercializing technology developed at Michigan State University, acting as a liaison between Spartan Innovations and TechPort members and regional businesses, as well as seeking additional CEO candidates.

#### Use of School Capture

It is the intent of SCCiTech and PHL DFA to utilize school capture to fund the following activities of the SmartZone once funds become available from tax increment financing:

1. Executive Director position
2. Administrative support, including operations
3. Marketing
4. Operating budget of TechPort – Rent, utilities, basic office supplies and equipment
5. Incubator – More study will be needed to determine how an incubator will be established and funded in future years, but school capture will be considered as a means of partial funding

#### Use of Local Capture

Local tax capture will be used to fund the following programs of SCCiTech:

1. Initially, it will cover 100% of the cost of the Executive Director position until school capture is sufficient
2. Automation Alley contracted services
3. All infrastructure for Kimball Township Technology Park
4. Speculative building development – the City of Port Huron has developed numerous speculative buildings in the past and is proposing to construct a future building when market forces make it feasible. The building will be constructed as a flex space and is one option to house TechPort and an incubator as the program expands.

## **Economic Impact**

The SCCiTech SmartZone will generate an economic impact over a 15 year period in the following areas: new development; attraction of technology companies; and development of technology companies through accelerator and incubator programs and services. The factors that constitute the economic impact include square feet of new construction, assessed value of construction, investment in personal property, jobs created, and spin-off impact on investment and job creation in the region.

Please review *Attachment F* for information about the economic impact from future development and *Attachment G* for entrepreneurial impact.

The SCCiTech SmartZone is projected to generate 2.1 million square feet of new development within the certified technology park, including: 40% related to core manufacturing; 25% from technology and research and development; 25% from warehousing, distribution and logistics; and 10% office. Total investment from development and new equipment is projected to be \$252.525 million. Job creation from new development is projected as follows:

*Direct Jobs*

Manufacturing – 1,680

Office – 1,050

Technology, Research & Development – 1,050

Warehousing, Distribution, Logistics – 525

Total Direct Jobs – 4,305

Total Indirect Jobs – 1,750\*

Total Jobs – 6055

\*Multiplier for St. Clair County is 1.42.

The entrepreneurial impact of the SCCiTech SmartZone is based on a conservative model. It forecasts that three (3) startup companies will form each year, or 45 total over 15 years, creating 135 jobs and generating \$11.25 million in capital formation. In addition, 30 mature technology companies will be attracted, bringing 240 jobs to the SmartZone over the same 15-year period. If an incubator is formed in the future, the entrepreneurial impact may be greater.

LAKE  
HURON

# Attachment "A"



## Zone B

(see attachment "C")

- SC4 Campus
- Sperry's  
301 Huron Avenue
- Tech-Port  
208 Huron Avenue

## Zone A

(see attachment "B")

## Proposed Certified Technology Park Boundaries

- TIF District
- LDFA
- Expanded LDFA  
Boundaries

GENERAL STREET MAP  
CITY OF  
**PORT HURON**  
MICHIGAN

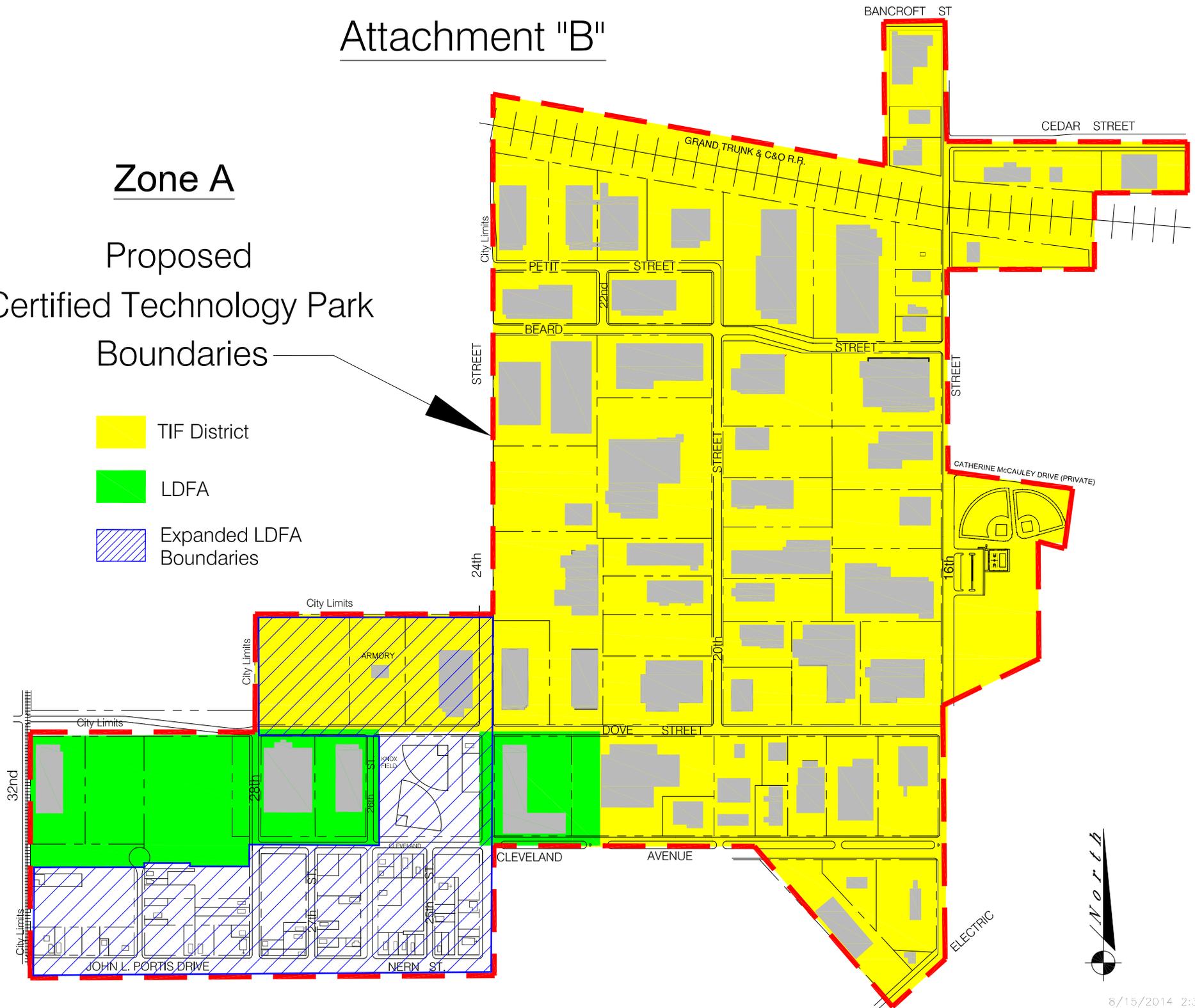


# Attachment "B"

## Zone A

### Proposed Certified Technology Park Boundaries

-  TIF District
-  LDFA
-  Expanded LDFA Boundaries



# Kimball Twp.

ATTACHMENT C

384 acres Total

Ravenswood Rd

120 acres

63 acres

25 acres

80.5 acres

38 acres

## Legend

### Overhead Power Line

40

120

230

345

Kimball Water Lines

Kimball Sewer Lines

Parcels (website version)

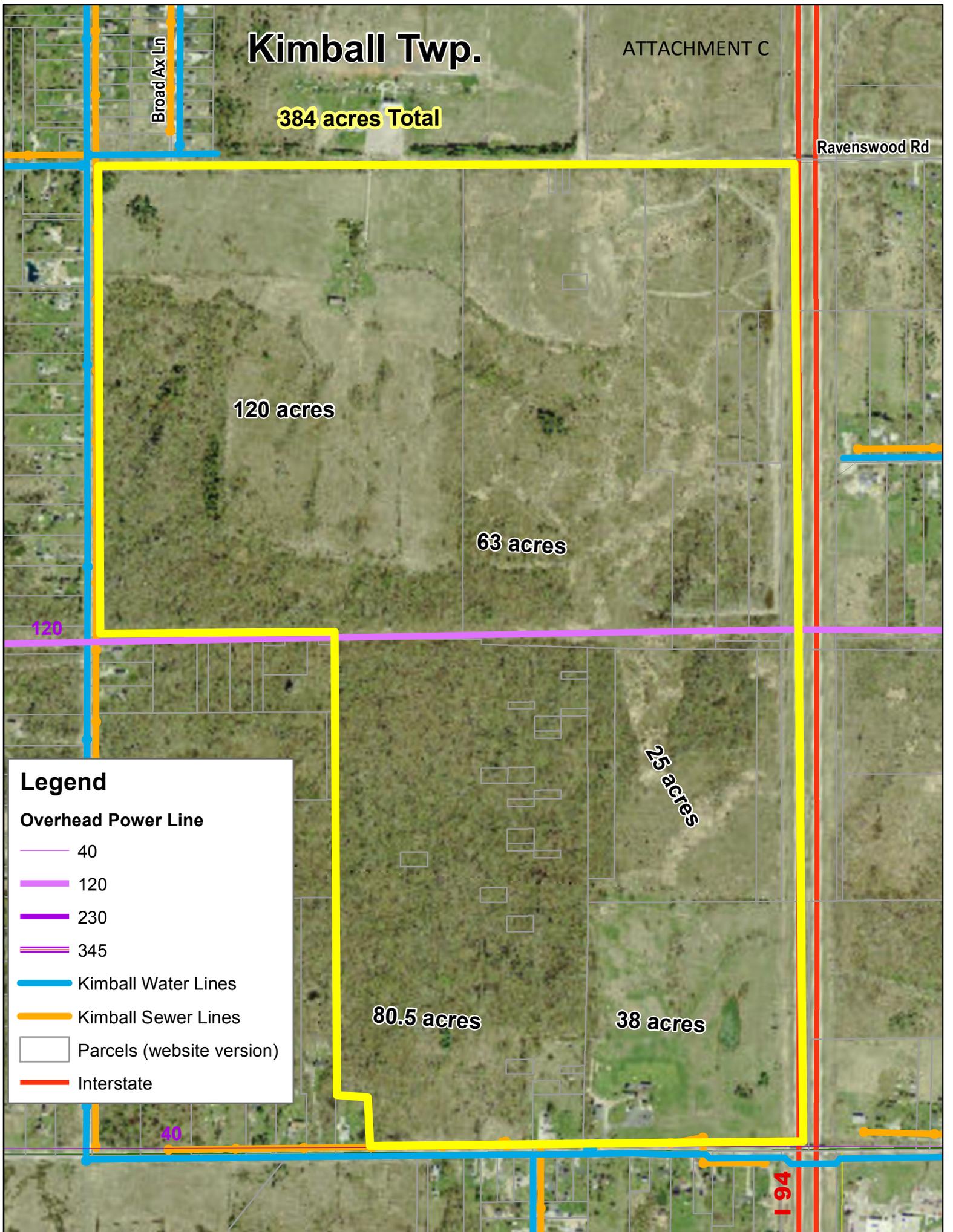
Interstate

Broad Ax Ln

120

40

I 94





## Benefits of the Partnership: Southfield

Automation Alley is Michigan's largest technology business association, connecting government, business and education to drive the growth of Southeast Michigan's economy. Since its founding in 1999, the organization has grown to include nearly 1,000 members from the city of Detroit and the surrounding eight-county region.

### PROGRAM AND RESOURCE BENEFITS

- Automation Alley Foundation Membership
- Automation Alley programming and/or presentations in Southfield in the following areas:
  - International business
  - Talent development
  - Entrepreneurship
  - Defense & Manufacturing
  - Product Lifecycle Management
- Exporting resources and the opportunity to participate in our exporting/business attraction trade missions
- Ability to share Southfield's marketing materials with incoming businesses at Automation Alley's International Business Center
- Access to contract opportunities within the defense industry
- PLM Center availability for members of the industrial community, providing digital training that is necessary for today's advanced manufacturers
- Development of business incubator services in Southfield
- Access to Automation Alley's virtual accelerator program, The 7Cs – a completely new, comprehensive, and intense virtual incubator experience – for advanced manufacturing technology startups, with up to \$50,000 in directed funding available per company (subject to Technology Investment Committee approval)
- Qualified applicants to the Automation Alley 7Cs program will receive:
  - Up to \$50,000 in directed investment into each company
  - Access to expertise in developing the startup's valid and sustainable business model through one on one consulting with the Automation Alley entrepreneurial staff
  - Creation of a professionally developed sales video for each of the selected advanced technology start-ups and inclusion in Automation Alley's exclusive "First Look Deal Book", a website devoted to promoting new innovations to large established manufacturers
  - Intense ongoing leadership, sales, and marketing coaching and facilitation by third party consultants using industry leading tools such as EOS (The Entrepreneurs Operating System) and The Sandler Sales Method, or similar quality industry recognized programs
  - Marketing resources and expertise to prove product-market fit
  - Matchmaking services to many of the top 100 auto suppliers through our exclusive "First Look" program to help secure the technology company's first customer and/or strategic investor
  - Silver Automation Alley membership package, entitling them to submit press releases, participate in networking events and access additional Automation Alley resources in the Silver package

## Benefits of the Partnership: Troy

Automation Alley is Michigan's largest technology business association, connecting government, business and education to drive the growth of Southeast Michigan's economy. Since its founding in 1999, the organization has grown to include nearly 1,000 members from the city of Detroit and the surrounding eight-county region.

### PROGRAM AND RESOURCE BENEFITS

- Automation Alley Foundation Membership
- Automation Alley programming and/or presentations in Troy in the following areas:
  - International business
  - Talent development
  - Entrepreneurship
  - Defense & Manufacturing
  - Product Lifecycle Management
- Exporting resources and the opportunity to participate in our exporting/business attraction trade missions
- Ability to share Troy's marketing materials with incoming businesses at Automation Alley's International Business Center
- Access to contract opportunities within the defense industry
- PLM Center availability for members of the industrial community, providing digital training that is necessary for today's advanced manufacturers
- Access to Automation Alley's virtual accelerator program, The 7Cs – a completely new, comprehensive, and intense virtual incubator experience – for advanced manufacturing technology startups, with up to \$50,000 in directed funding available per company (subject to Technology Investment Committee approval)
- Qualified applicants to the Automation Alley 7Cs program will receive:
  - Up to \$50,000 in directed investment into each company
  - Access to expertise in developing the startup's valid and sustainable business model through one on one consulting with the Automation Alley entrepreneurial staff
  - Creation of a professionally developed sales video for each of the selected advanced technology start-ups and inclusion in Automation Alley's exclusive "First Look Deal Book", a website devoted to promoting new innovations to large established manufacturers
  - Intense ongoing leadership, sales, and marketing coaching and facilitation by third party consultants using industry leading tools such as EOS (The Entrepreneurs Operating System) and The Sandler Sales Method, or similar quality industry recognized programs
  - Marketing resources and expertise to prove product-market fit
  - Matchmaking services to many of the top 100 auto suppliers through our exclusive "First Look" program to help secure the technology company's first customer and/or strategic investor
  - Silver Automation Alley membership package, entitling them to submit press releases, participate in networking events and access additional Automation Alley resources in the Silver package

## Benefits of the Partnership: St. Clair County/Port Huron

Automation Alley is Michigan's largest technology business association, connecting government, business and education to drive the growth of Southeast Michigan's economy. Since its founding in 1999, the organization has grown to include nearly 1,000 members from the city of Detroit and the surrounding eight-county region.

### PROGRAM AND RESOURCE BENEFITS

- Automation Alley Foundation Membership
- Automation Alley programming and/or presentations in St. Clair County in the following areas:
  - International business
  - Talent development
  - Entrepreneurship
  - Defense & Manufacturing
  - Product Lifecycle Management
- Exporting resources and the opportunity to participate in our exporting/business attraction trade missions
- Ability to share Port Huron's marketing materials with incoming businesses at Automation Alley's International Business Center
- Access to contract opportunities within the defense industry
- Assistance in exploring an initiative to create a food distribution center
- PLM Center availability for members of the industrial community, providing digital training that is necessary for today's advanced manufacturers
- Support for the incubator in development
- Access to Automation Alley's virtual accelerator program, The 7Cs – a completely new, comprehensive, and intense virtual incubator experience – for advanced manufacturing technology startups, with up to \$50,000 in directed funding available per company (subject to Technology Investment Committee approval)
- Qualified applicants to the Automation Alley 7Cs program will receive:
  - Up to \$50,000 in directed investment into each company
  - Access to expertise in developing the startup's valid and sustainable business model through one on one consulting with the Automation Alley entrepreneurial staff
  - Creation of a professionally developed sales video for each of the selected advanced technology start-ups and inclusion in Automation Alley's exclusive "First Look Deal Book", a website devoted to promoting new innovations to large established manufacturers
  - Intense ongoing leadership, sales, and marketing coaching and facilitation by third party consultants using industry leading tools such as EOS (The Entrepreneurs Operating System) and The Sandler Sales Method, or similar quality industry recognized programs
  - Marketing resources and expertise to prove product-market fit
  - Matchmaking services to many of the top 100 auto suppliers through our exclusive "First Look" program to help secure the technology company's first customer and/or strategic investor
  - Silver Automation Alley membership package, entitling them to submit press releases, participate in networking events and access additional Automation Alley resources in the Silver package

**ATTACHMENT E**  
**SCCiTech SmartZone Budget**

**Proposed SmartZone Operating Budget - Expenses**

<i>Administrative and Operational Expenses</i>			\$ 75,000
Executive Director (1)		\$ 55,000	
Administrative Support (2)		\$ 3,000	
Office Supplies & Services (2)	Postage, printing, supplies	\$ 3,000	
Marketing		\$ 11,000	
Rent (2)	Office space, computer, software, and other technology	\$ 3,000	
<i>Acceleration Services</i>			\$ 138,000
Automation Alley (3)	Contracted programs and services	\$ 50,000	
Spartan Innovations (4)	CEO-In-Residence and Green Light Program	\$ 65,000	
TechPort (5)	Contracted programs and services	\$ 23,000	
<b>Total</b>			<b>\$ 213,000</b>

**Notes:**

- (1) EDA provides the Executive Director position through dues currently paid by City of Port Huron to EDA
- (2) Administrative support, office supplies and services, and rent will be provided by EDA as in-kind support
- (3) Automation Alley contracted programs and services are new expenses to LDFA and will initially be split between city (\$40,000) and Kimball Township (\$10,000)
- (4) Spartan Innovations expense is the value of the services being provided to TechPort through its CEO-in Residence and Green Light programs
- (5) TechPort contracted programs and services are that organizations current operational budget and are not expenses of LDFA

**SmartZone Sources of Revenue**

<i>Cash Contributions</i>			\$ 133,000
St. Clair County Community Foundation (1)	TechPort Operations	\$ 15,000	
City of Port Huron LDFA (2)	Direct Operations	\$ 63,000	
City of Port Huron LDFA (3)	Automation Alley Contracted Services	\$ 40,000	
City of Port Huron (4)	TechPort Operations	\$ 5,000	
Kimball Township (5)	Automation Alley Contracted Services	\$ 10,000	
<i>In-Kind Contributions</i>			\$ 77,000
Economic Development Alliance	Direct Operations	\$ 12,000	
Spartan Innovations		\$ 65,000	
<i>Sponsorships</i>			\$ 3,000
Corporate Contributions (6)	TechPort Operations	\$ 3,000	
<b>Total</b>			<b>\$ 213,000</b>

**Notes:**

- (1) Current grant provided to TechPort from St. Clair County Community Foundation
- (2) Represents the funding provided by City to EDA for economic development services
- (3) Services to be contracted from Automation Alley by Port Huron LDFA
- (4) Current grant provided by City to TechPort
- (5) Services to be contracted from Automation Alley by Kimball Township
- (6) Current corporate contributions provided to TechPort to support its operating budget

**ATTACHMENT F**  
**Economic Impact - Development**

**Economic Impact of SCCiTech SmartZone**

<b>Development Impact</b>	<b>SQ. FT</b>	<b>Investment</b>		<b>Jobs</b>		
		<b>Real Property</b>	<b>Personal Property</b>	<b>Direct</b>	<b>Indirect</b>	<b>Total Jobs</b>
Industrial	840,000	50,400,000	60,480,000	1,680	706	2,386
Distribution, Warehousing	525,000	21,000,000	525,000	525	204	729
Office	210,000	25,200,000	2,520,000	1,050	420	1,470
Technical	525,000	42,000,000	50,400,000	1,050	420	1,470
	<b>2,100,000</b>	<b>138,600,000</b>	<b>113,925,000</b>	<b>4,305</b>	<b>1,750</b>	<b>6,055</b>
		<b>Total Investment</b>	<b>252,525,000</b>			

**ATTACHMENT G**  
**Entrepreneurial Impact**

<b>Attracted Tech Companies</b>	<b>Annual</b>	<b>15-Yr Total</b>	<b>Jobs</b>	<b>Capital Formation-Annual</b>	<b>Total Capital Formation</b>	<b>Companies Assisted-Annual</b>
<b>Mature Companies</b>	2	30	240	NA	NA	12
<b>Startups</b>	3	45	135	750,000	11,250,000	60
<b>TOTAL</b>	<b>5</b>	<b>75</b>	<b>375</b>			<b>72</b>

**Other Impacts:**

**Average annual TechPort Members: 50**

**Average Annual TechPort Training Programs and Events: 10**

**Average Annual SBDC Training Programs: 16**

## ATTACHMENT H



### **Mission**

The Community Capital Club (C3) will seek out projects that enhance the economic prosperity of the Blue Water Region. Similar to other “angel investor groups” C3 aims to support projects that build community capital and enhance quality of place. In doing so, C3 will also consider supporting the efforts of select early-stage companies and/or growing ventures located within the Blue Water Region.

Members of C3 are passionate about business and about their community. Contributing to the general prosperity of the region by helping worthwhile early stage and growth companies succeed is one of the primary goals of C3<sup>i</sup>.

A financial return on investment may be appropriate for some of our projects, whereas other potential projects might be measured in terms of their community impact while not providing a direct investment return to C3 or its members.

### Areas of focus:

- Capital – bricks & mortar - projects that enhance a particular community or region by improving public spaces and/or help make the community more attractive as a place to live, work and play
- Outdoor products and recreation, especially those that capitalize on our water assets
- Tourism, with a focus on maritime tourists and those to our unique downtowns
- Natural products and those around health and healthy lifestyles
- Water related science, energy and engineering, also known as the Blue Economy

### **Process**

- Through annual Men’s Night events, C3 will engage a wide and diverse audience of men to enhance their awareness of, and involvement in, efforts to support local nonprofits and community building efforts. Men’s Night events will also provide the venue and audience to increase public awareness of the investment side of C3 and to create a pipeline of potential projects.
- Men’s Night proceeds will be split equally between an immediate gift to a local nonprofit organization, program or project; and an investment into a chosen C3 project that returns a more direct return on investment or return on community capital.
- Through 1 or 2 annual “Investor Forums” C3 will bring together its members (men & women), as well as other individual investors from throughout the region, to hear presentations on a select number of pre-screened projects. These summits are not open to the public and are by invitation only. These summits will allow potential investors to learn more about possible investment deals that may suit their areas of interest.

- Project screening: potential projects may be submitted at any time to a member of C3. Screenings and initial evaluation of projects will be done confidentially by a subcommittee of C3. Only those projects screened and approved by the C3 subcommittee will be allowed to make presentations at the Investor Forum events.
- The manner in which C3 chooses to invest in projects will depend completely on the unique circumstances of each selected project, and whether the goal is a direct financial return or a return of community capital.
- Individual investors and members of C3 may use any investment vehicle or option that best suits their needs and the needs of their chosen project.

### **Definition of Angels<sup>ii</sup>**

While corporations and professional venture capital firms are easy to identify, angels are more elusive. Most entrepreneurs don't get their initial round of financing from someone like Paul Allen. In fact, after the credit cards are maxed out, the first stop is almost always friends and family. Does that make Uncle Harry an angel or potential member of C3? It sure does.

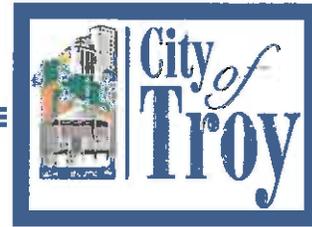
As they are now defined, angels include relatives, groups of friends, notoriously successful former entrepreneurs, and organized groups of individuals with admission criteria, business plan submission rules and stages of due diligence. And as the definition grows broader, tracking these investors with any kind of reliability is increasingly difficult. Angels and angel groups are spread throughout the country, and often operate behind the scenes to promote local entrepreneurship. Further complicating things are regional idiosyncrasies.

Angels, for our purpose, are those high net worth individuals (Accredited Investors) that make equity investments in early stage companies. This maybe a passive or active investment. Active investment may mean a role in management (Advisor or Board Member), bringing in the next round of capital, help in establishing strategic alliances, etc. Personal funds can be placed in to the early stage company at levels from \$10,000 to \$100,000+. This is typically 'seed' money and before any Venture Capital investors.

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<sup>i</sup> BlueWater Angels

<sup>ii</sup> Great Lakes Angels



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**CITY OF TROY  
OAKLAND COUNTY, MICHIGAN  
RESOLUTION**

At a Regular meeting of the Troy City Council held on Monday, September 8, 2014, the following Resolution was passed:

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**I-4 Proposed 15-Year Extension of the Joint Automation Alley SmartZone LDFA and Troy Subcommittee by Hosting a Satellite SmartZone in St. Clair County (Introduced by: Brian Kischnick, City Manager) (Presentation by: Richard Carlisle, Planning Consultant)**

Resolution #2014-09-115  
Moved by Slater  
Seconded by Hodorek

WHEREAS, Public Act 281 of 1986, as amended (MCL 125.2151 et. seq.), is an act to prevent urban deterioration and encourage economic development including, but not limited to, high-technology industries and activity and to encourage neighborhood revitalization and historic preservation and to provide a mechanism for developing and implementing plans within a development area; and

WHEREAS, Public Act 281 of 1986, as amended, provides for the establishment of local development finance authorities as well as joint authorities and to prescribe its powers and duties; to provide for the creation and implementation of development plans; to authorize the acquisition and disposal of interests in real and personal property; to permit the issuance of bonds and other evidences of indebtedness by an authority; to prescribe powers and duties of certain state officers and agencies; and to authorize and permit the use of tax increment financing; and

WHEREAS, The Cities of Southfield and Troy have joined to establish a Joint Local Development Finance Authority (JLDFA), in which a Certified Technology Park has been designated under the Act, which is authorized by the State of Michigan and known as the Automation Alley SmartZone; and

WHEREAS, Section 12 (b) of Act 281 (MCL 125.2162(b)), as amended, provides that the city councils of two or more municipalities who have created an authority in which a certified technology park or SmartZone has been designated may declare by resolution their intention to host the creation of a satellite SmartZone located within a distinct geographic area; and

WHEREAS, The City Council of the City of Troy has determined that the unique characteristics and specialties offered by public and private resources within the St. Clair County Innovation and Technology SmartZone (SCCiTech) as a Satellite Smart Zone meets the criteria set forth in Section 12 (b) of Act 281, as amended; and

WHEREAS, The City Council of the City of Troy finds that by hosting SCCiTech as a Satellite SmartZone and delegating coordination between the JLDFA and Automation Alley SmartZone and Satellite SmartZone, regional cooperation and coordination and collaboration will be significantly enhanced, as set forth in Section 12 (b) of Act 281, as amended; and

WHEREAS, The City Council of the City of Troy recognizes that hosting SCCiTech as a satellite SmartZone adds value to the JLDFA and Automation Alley SmartZone, as set forth in Section 12 (b) of Act 281;

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Troy **DETERMINES** that hosting SCCiTech as a Satellite SmartZone will benefit the City's objective of promoting growth in an area of the City of Troy defined as a certified technology park, designated as Automation Alley, and that this growth is particularly growth related to industries engaged in high-technology, including, but not limited to, advanced manufacturing, advanced computing, research and development, life sciences and biotechnology; and

BE IT FURTHER RESOLVED; That the City Council of the City of Troy does hereby **AUTHORIZE** the Joint Local Development Finance Authority and Automation Alley SmartZone to serve as a host to the SCCiTech satellite pursuant to Public Act 281 of 1986, as amended in accordance with the Memorandum of Understanding which is attached to and made part of this Resolution; and

BE IT FURTHER RESOLVED, That the Mayor and City Clerk are **AUTHORIZED TO EXECUTE** the Memorandum of Understanding.

BE IT FINALLY RESOLVED, That the City Clerk shall **FILE** this resolution with the Michigan Secretary of State promptly after its adoption, and shall **PUBLISH** it at least once in a newspaper of general circulation within the City of Troy.

Yes: All-7  
No: None

**MOTION CARRIED**

  
\_\_\_\_\_  
Mayor Dane Slater

I, M. Aileen Bittner, duly appointed City Clerk of the City of Troy; do hereby certify that the foregoing constitutes a true and complete copy of a resolution adopted by the Troy City Council at a Regular Meeting duly called and held on Monday, the Eighth day of September, 2014.

  
\_\_\_\_\_  
M. Aileen Bittner, CMC  
City Clerk