

**CITY OF GRAND RAPIDS
SMARTZONE LOCAL DEVELOPMENT AUTHORITY**

RULES OF PROCEDURE

**Article I
Governing Body of Authority**

Section 1. Governing Body. The Authority shall be under the supervision and control of the Board pursuant to the Local Development Financing Act, Act 281 of the Public Acts of Michigan of 1989, as amended specifically by Act 248 of the Public Acts of Michigan of 2000 (the "Act").

**Article II
Board**

Section 1. Composition of Board. The Board of the Authority shall consist of eleven members and one ex-officio member. Seven members shall be appointed by the City of Grand Rapids Mayor and approved by the Grand Rapids City Commission. One member shall be appointed by the Kent County Board of Commissioners, one member shall be appointed by the President of Grand Rapids Community College, and two members shall be appointed by the Superintendent of Grand Rapids Public Schools. The ex-officio member shall be designated by the Michigan Economic Development Corporation or its successor, shall serve so long as it shall determine, shall not have a vote and shall not count towards a quorum.

Section 2. Term of Office. The members of the Board shall be appointed for a term of four years except that (a) of the members first appointed by the City of Grand Rapids, one shall be appointed to a term of one year, two shall be appointed to a term of two years, two shall be appointed to a term of three years and two shall be appointed to a term of four years; (b) the member first appointed by the Kent County Board of Commissioners shall be appointed to a term of three years; (c) the member first appointed by the President of Grand Rapids Community College shall be appointed to a term of one year; and (d) of the members first appointed by the Superintendent of Grand Rapids Public Schools, one shall be appointed to a term of one year and one shall be appointed to a term of four years. A member whose term has expired shall, however, continue to hold office until the member's successor is appointed.

Section 3. Effective Date of Appointment. The term of office of Board members shall begin on January 1, except for those members first appointed, whose terms shall commence on the effective date of appointment and expire the stated number of years after January 1, 2002.

Section 4. Filling of Vacancies. If a vacancy is created due to the death, resignation or removal of a Board member, a successor shall be appointed within sixty days in the same manner as the original appointment to serve for the remainder of the term vacated.

Section 5. Removal of Board Member. Pursuant to proper notice and an opportunity to be heard, a Board member may be removed from office before the expiration of his or her term for neglect of duty including nonattendance at meetings, misconduct, malfeasance or for any other good cause by majority vote of the remaining members of the Board. Removal of a Board member is subject to review by the Kent County Circuit Court.

Section 6. Compensation of Board Members. Board members shall serve without compensation, but shall be reimbursed for actual and necessary expenses, as approved by the Board.

Section 7. Disclosure of Interest. A Board member who has a direct interest in any matter before the Authority shall disclose his or her interest prior to the Authority taking any action with respect to the matter. Such disclosure shall become a part of the record of the Authority's official proceedings. Any Board member making such disclosure shall refrain from participating in the Authority's decision-making process relative to such matter.

Section 8. Oath of Office. Before assuming the duties of office, a Board member shall qualify by taking and subscribing to the constitutional oath of office.

Article III Power of Board

Section 1. Board Powers. The Board may:

- (a) Study and analyze unemployment, underemployment and joblessness and the impact of growth upon the Authority district;
- (b) plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation or reconstruction of public facilities;
- (c) develop long-range plans to promote the growth of the Authority district and take the necessary steps to implement the plans to the fullest extent possible including receiving the designation of the Authority District as a certified technology park in order to create jobs and promote economic growth;
- (d) implement any plan of development necessary to achieve the purposes of the Act in accordance with the authority granted by said Act;
- (e) make and enter into contracts necessary or incidental to the exercise of the Board's powers and the performance of its duties;
- (f) acquire by purchase or otherwise on terms and conditions and in a manner the Authority considers proper; own or lease as lessor or lessee; convey, demolish, relocate, rehabilitate or otherwise dispose of real or personal property, or rights or interest in that property, which the Authority determines is reasonably necessary to

achieve the purposes of the Act, and to grant or acquire licenses, easements and options with respect to the property;

(g) improve land, prepare sites for buildings, including the demolition of existing structures, and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair or operate a building and any necessary or desirable appurtenances to a building as provided in the Act for the use, in whole or in part, of a public or private person or corporation, or a combination thereof;

(h) fix, charge and collect fees, rents and charges for the use of a building or property or a part of a building or property under the Authority's control, or a facility in the building or on the property, and pledge the fees, rents and charges for the payment of revenue bonds issued by the Authority;

(i) lease a building or property or a part of a building or property under the Authority's control;

(j) accept grants and donations of property, labor or other things of value from a public or private source ;

(k) acquire and construct public facilities;

(l) incur costs in connection with the performance of the Board's authorized functions including, but not limited to, administrative costs, and architects, engineers, legal and accounting fees; and

(m) plan, propose and implement an improvement to a public facility on eligible property to comply with the barrier free design requirements of the State of Michigan construction code.

Article IV Officers of the Board

Section 1. Elected Officers of the Board. The Board shall elect from its members a Chairperson, Secretary and Treasurer.

Section 2. Term of Office. The officers of the Board shall serve a one year term. An officer whose term has expired shall, however, continue to hold office until a successor is appointed.

Section 3. Effective Date of Appointment. The term of office of an officer of the Board shall begin on February 1, except for those officers first elected, whose term shall commence on the date of election and expire on January 31, 2002.

Section 4. Filling of Vacancies. If a vacancy is created due to the death, resignation or removal of an officer of the Board, a successor shall be elected by the Board within sixty days to serve for the remainder of the vacated term.

Section 5. Duties of Officers. The following officers shall have the following duties:

(a) Chairperson – the Chairperson shall preside at all meetings of the Board and shall discharge the duties of a presiding officer.

(b) Secretary – the Secretary shall maintain custody of the official seal and the records, books, documents or other papers of the Authority not required to be maintained by the Treasurer. The Secretary shall keep or cause to be kept a record of the proceedings of the Board and shall perform other duties as may be delegated by the Board.

(c) Treasurer – The Treasurer shall keep the financial records of the Authority and shall, together with the Executive Director, approve all vouchers for the expenditures of the Authority. The Treasurer shall perform such other duties as may be delegated by the Board and shall furnish a bond in an amount as may be prescribed by the Board. The premium of any required bond shall be paid for by the Authority.

Article V Appointment and Retention of Other Personnel

Section 1. Appointment of Executive Director. The Board shall appoint an Executive Director. The Executive Director shall be the chief executive officer of the Authority and shall serve at the pleasure of the Board. A Board member is not eligible to hold the position of Executive Director. The Executive Director shall furnish a bond in an amount as may be prescribed by the Authority. The premium of any required bond shall be paid for by the Authority. Before entering upon the duties of the office, the Executive Director shall take and subscribe to the constitutional oath of office. Subject to the approval of the Board, the Executive Director shall supervise and be responsible for the preparation of plans and the performance of the functions of the Authority in the manner authorized by the Act. The Executive Director shall attend all meetings of the Board and shall provide to the Board and the Grand Rapids City Commission a regular report covering the activities and financial condition of the Authority. The Executive Director shall also furnish the Board with information or reports governing the operation of the Authority as the Board may from time to time require. If the Executive Director is absent or disabled, the Board may designate a qualified person as acting Executive Director to perform the duties of the office who shall before entering upon the duties of the office take and subscribe to the constitutional oath of office and furnish such bond as required of the Executive Director.

Section 2. Retention of Legal Counsel. The Board may retain legal counsel to advise the Board in the proper performance of its duties. Legal counsel may represent the Authority in actions brought by or against the Authority.

Section 3. Other Personnel. The Board may appoint or retain other personnel as it considers necessary including, but limited to, an assistant secretary to assist the Secretary and an assistant Treasurer (who shall furnish such bond as required by the Board) to assist the Treasurer.

Article VI Meetings of the Board

Section 1. Annual Meeting. An annual meeting of the Board shall be held in January of each year at a time and place to be set by the Board. The election of officers shall be held at the annual meeting. If the election of officers shall, for any reason, not be held at the annual meeting, the Board shall elect officers at a regular or special meeting of the Board within ninety days of the annual meeting.

Section 2. Regular Meetings. Regular meetings of the Board shall be held at times and places set by the Board in compliance with the Open Meetings Act, Act 267 of the Public Acts of Michigan of 1976, as amended. At each regular meeting expenses of the Authority shall be considered and approved by the Board.

Section 3. Special Meetings. Special meetings of the Board may be called by the Chairperson, Executive Director, any three members of the Board or the Grand Rapids City Commission by giving Board members twenty-four hours written or telephonic notice of the special meeting and the purpose of the meeting. Notice of the meeting shall also be posted eighteen hours in advance in compliance with the Open Meetings Act.

Section 4. Meetings to be Public. All meetings of the Board shall be open to the public and provide for public participation in compliance with the Open Meetings Act.

Section 5. Meeting Agendas. The Executive Director shall prepare the agenda for all meetings and whenever possible mail or deliver the agenda for receipt by Board members at least twenty-four hours prior to the meeting. At the beginning of any regular meeting any Board member may add an item to the meeting's agenda.

Section 6. Quorum and Voting. A majority of Board members in office shall constitute a quorum for the transaction of business of the Board. The concurring vote of a majority of those present and voting shall constitute the action of the Board unless the concurring vote of a larger number is required by law or elsewhere in these rules. In the event that the effective membership of the Board is reduced because of the disclosure of interest pursuant to Article II, Section 7 hereof, the concurring vote of a majority of the remaining Board members eligible to vote shall constitute the action of the Board.

Section 7. Rules of Order. Unless otherwise required by law or provided in these rules, the most recent version of Robert's Rules of Order shall govern the conduct of all meetings of the Board.

Article VII Committees and Advisory Boards

Section 1. Committees. The Board by resolution may designate one or more committees to advise the Board. Committee members shall be members of the Board. The Chairperson of the Board shall appoint the members and shall select the chairperson of each committee. Committees may be dissolved by vote of the Board. At each annual meeting of the Board, all committees will be evaluated and either continued or dissolved. A majority of the members of a committee constitutes a quorum. The concurring vote of a majority of committee members present at a meeting at which a quorum is present shall constitute the action of the committee.

Section 2. Advisory Boards. The Board by resolution may designate one or more advisory boards to advise the Board. Members of advisory boards need not be members of the Board. The Chairperson of the Board shall, with the advice and consent of the Board, select members of each advisory board. The members of each advisory board shall select a chairperson of the advisory board. An advisory board may be dissolved by vote of the Board. At each annual meeting of the Board, all advisory boards will be evaluated and either continued or dissolved. A majority of the members of an advisory board constitutes a quorum. The concurring vote of a majority of committee members present at a meeting at which a quorum is present shall constitute the action of the advisory board.

Article VIII Contracts, Funds and Gifts

Section 1. Contracts. The Board may authorize any of the officers of the Board, the Executive Director or any agent of the Authority to enter into any contract or to execute and deliver any instrument on behalf of the Authority within the limits authorized by the Act. The authorization of the Board may be general or limited to a specific contract or instrument.

Section 2. Authority Funds. All funds of the Authority shall be placed in such banks, trust companies or other depositories as selected by the Board. All checks, drafts or other orders for the payment of money shall be signed by the Treasurer or an assistant treasurer and countersigned by the Executive Director. All bonds, notes or other evidence of indebtedness issued in the name of the Authority shall be signed by any two officers of the Board.

Section 3. Gifts and Grants. The Board may accept on behalf of the Authority any gift, grant, contribution or bequest for the general purposes or for any special purpose of the Authority.

Article IX
Books, Records, Audits and Financial Reports

Section 1. Books and Records. The Authority shall keep current and complete records of the books and accounts of the Authority and minutes of all meetings of the Board. All records and minutes shall be kept at the principal office of the Authority at the Grand Rapids City Hall and shall be open to the public unless otherwise provided by law. The records of the Authority shall include the names and addresses of all Board members and advisory board members.

Section 2. Annual Audit. An annual audit of the Authority's financial books and records shall be conducted by an independent certified public accounting firm.

Section 3. Annual Report of Tax Increment Financing Plan. The Authority shall submit annually to the Grand Rapids City Commission and the Michigan State Tax Commission a financial report of the status of any tax increment financing plan of the Authority.

Article X
Funding of Authority Activities

Section 1. Sources of Funding. The activities of the Authority may be financed from one or more of the following sources:

- (a) contributions to the Authority for the performance of its functions;
- (b) revenue from any property, building or facility owned, leased, licensed or operated by the Authority or under its control;
- (c) tax increments received pursuant to a tax increment financing plan established pursuant to the Act;
- (d) proceeds of tax increment bonds issued pursuant to the Act;
- (e) proceeds of revenue bonds issued pursuant to the Act; and
- (f) money obtained from any other legal sources approved by the Grand Rapids City Commission.

Section 2. Borrowing Money. The Authority may borrow money and issue its (i) negotiable revenue bonds pursuant to the Revenue Bond Act, Act 94 of the Public Acts of Michigan of 1933, as amended, or (ii) tax increment bonds pursuant to the Act. The City of

Grand Rapids by majority vote of the City Commission may make a limited tax pledge to support the Authority's revenue bonds or tax increment bonds or, if authorized by the voters of the City, may pledge its full faith and credit to support such revenue bonds or tax increment bonds.

Article XI Miscellaneous

Section 1. District Boundaries. The Authority shall exercise its powers within an Authority district established or amended from time to time by the Grand Rapids City Commission pursuant to the Act.

Section 2. Fiscal Year. The fiscal year of the Authority shall begin on July 1 of a year and end on June 30 of the following year, provided, however, the first fiscal year of the Authority shall begin December 6, 2001, and end June 30, 2002.

Section 3. Annual Budget. The Executive Director shall prepare or cause to be prepared and shall submit for the approval of the Board a budget for the operation of the Authority for the ensuing year. The budget shall be prepared in the manner and contain the information required by the municipal departments of the City of Grand Rapids. Before the budget may be adopted by the Board, it shall be approved by the Grand Rapids City Commission.

Section 4. Amendment to Rules. These rules may be altered, amended or repealed and new rules adopted by majority vote of the Board members present at a Board meeting and upon approval of the Grand Rapids City Commission.

Approved by the Board on
December 6, 2001

Approved by the Grand Rapids
City Commission on
December 18, 2001, Res. #69417

Amendment to Article II, Section 1
approved by the Board on
February 5, 2004

Amendment to Article II, Section 1
approved by the City Commission on
March 2, 2004, Res. #72212