

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on January 18, 2005, at 10:00 a.m.

Members Present

Cullen DuBose

Bo Garcia

Faye Nelson (by telephone)

Donald Jakeway

Scott Schrager (acting for and on behalf of Jay Rising, authorization attached)

Jackie Shinn (acting for and on behalf of Gloria Jeff, authorization attached)

Robert Swanson (acting for and on behalf of David Hollister, authorization attached)

Others Present

Mark Adams, Oakland County

Kathy Blake, Sr. Vice President, MEDC

Kurt Brauer, Bodman Longley & Dahling

Toni Brownfield, MEDC

Jim Donaldson, MEDC

Dan Harrell, Genesee County

Jeff Kaczmarek, MEDC

Carol Knobloch Johns, MEDC

Jim McBryde, MEDC

Susan McCormick, MEDC

Pauline Millichamp, MEDC

Mark Morante, MEDC

Sam Munaco, Signature Associates

Jim Paquet, Secretary to the Board

Matthew Rick, Assistant Attorney General

Mike Shore, MEDC

Elliott Stern, Raymond James & Associates

Vern Taylor, MEDC

Robert Terry, Atwell-Hicks

Grant Trigger, Honigman, Miller, Schwartz and Cohn

Call to Order

Bo Garcia called the meeting to order at 10:08 a.m.

Approval of Minutes from December 14, 2004

A motion was made, supported and carried that board meeting minutes from the December 14, 2004 meeting, be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Raymond James & Associates, Inc.
880 Carillon Parkway
St. Petersburg, Florida 33716*

Mr. Elliott Stern, Senior Vice President with Raymond James & Associates, was introduced along with Mark Adams from Oakland County. Mr. Stern explained that Raymond James & Associates, Inc. is considering a relocation and expansion of their Business Contingency Operations, which is currently located in Detroit. RJF has several offices located throughout Michigan and currently has 243 employees.

Because the company could not find a suitable site in Detroit to accommodate their growth needs, they are considering sites in Southfield, Michigan and San Antonio, Texas. The company is proposing to relocate and grow the new site to a Regional Operations Center with significant information technology equipment and staff, as well as other operational/administrative support staff. This expansion will lead to a capital investment of \$15 million and the creation of an estimated 200 jobs paying a minimum average wage of \$17.23 per hour.

It is estimated that this facility will create a total of 200 jobs in the state by the year 2009. We also estimate that the project would create total state government revenues through the year 2015, of \$10 million due to the location of this facility in Michigan.

When comparing the Oakland County (Southfield) and San Antonio, Texas locations, the company estimates that wage rates in San Antonio are significantly lower than those in Southfield. When this project is fully staffed, that differential would save the company up to \$1 million per year in wage and benefit costs, if the expansion were to take place in Texas.

The City of Southfield has proposed 100 percent abatement of the company's new personal property taxes for three years. The estimated value of the local property tax abatement is \$193,000. The abatement is expected to be finalized in February 2005.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 200 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee has recommended approval of the requested tax credit.

Jackie Shinn asked the company's representative whether there is a specific site in mind in Southfield. Mr. Stern said that his company is looking at the former General Electric Plastics campus in Southfield.

Cullen DuBose asked about sites in Detroit. Jim Donaldson explained that the City of Detroit was thoroughly searched and there was nothing adequate available. Mr. Stern explained that his company plans to sell the existing site in Detroit as soon as possible.

Hearing no further discussion, a motion was made and supported and Resolution 2005-01, approving a standard MEGA tax credit for Raymond James & Associates, Inc., was adopted.

ACTION ITEM

*Midway Corporate Plaza LLC
18800 Von Karman Avenue, Suite 180
Irvine, California 92612*

Jeff Kaczmarek began the presentation by introducing Grant Trigger from Honigman, Miller, et al. Mr. Trigger explained that the project will integrate three separate use functions in the rehabilitation of an existing medium-rise office tower known as the Argonaut Building. The building is adjacent to the former General Motors World Headquarters in the New Center Area in Detroit. The residential component will be 445,000 square feet of one and two bedroom loft units. The office component will be 84,000 square feet of space for service-oriented businesses catering to the adjacent governmental office space, a large tenant, and various smaller spaces. The last component will include a retail arm with 15,000 square feet and a potential restaurant, video rental store, and the like. This project will consist of two to three phases over a three to five year period.

Brownfield SBT Credits are based on several criteria outlined in the statute. These criteria were met.

Michigan's September 2004 Unemployment Rate was 6.8 percent. This compares to the year-to-date average for Wayne County of 8.7 percent and for the City of Detroit, of 14.1 percent.

The project has requested Neighborhood Enterprise Zone status, New Markets Tax Credits, Obsolete Property Rehabilitation designation, and Historic Tax Credits.

The eligible investments to be undertaken in Detroit by Midway Corporate Plaza LLC include:

Demolition	\$ 1,287,582
Site Improvements	1,411,834
Restoration, Alteration, Renovation & Building Improvements	<u>53,813,885</u>
Project Total	\$ 56,513,301

The property is functionally obsolete. The project is the subject of a brownfield plan approved by the Detroit City Council on August 23, 2004.

Recommendation

The MEDC recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10 percent of the eligible investment, not to exceed a \$5,651,330.00 credit.

Board Discussion

Bob Swanson asked about OPRA and Neighborhood Enterprise Zone eligibility. Mr. Trigger explained that negotiations are underway with the City for these certifications.

Bo Garcia gave the Executive Committee report and on behalf of the committee, recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-02, authorizing a Brownfield Redevelopment Credit for Midway Corporate Plaza LLC, was adopted.

ACTION ITEM

*Genesee County Brownfield Redevelopment Authority
Genesee County Land Bank
601 North Saginaw Street, Suite 1 B
Flint, Michigan 48502*

At the start of this presentation, Bob Terry with Atwell-Hicks, Kurt Brauer with Bodman, Longley & Dahling, and Dan Harrell from Genesee County were introduced. Mr. Harrell presented the work plan to the board. The Genesee County Fast Track Land Bank Authority, acting as the developer, proposes to conduct eligible activities on eligible properties, which are scattered sites primarily located in the City of Flint and Mt. Morris Township and other communities within Genesee County. The project is speculative, however, Genesee County will back a bond issued by the County's BRA to perform demolition on 400 sites, lead and asbestos abatement on 60 sites and site preparation on 200 sites, including title clearance. The current brownfield plan and work plan shows sites located in 11 communities. These communities have indicated support for the brownfield plan by passing concurrence resolutions.

Brownfield Work Plan approvals are granted based on several criteria outlined in the statute. These criteria have been met.

Vern Taylor discussed the Land Bank Act and how this project is impacted by this act. This project could incorporate the approval of tax captures from 11 communities.

The major activity indicated in the work plan will be on eligible properties situated in Flint, which is an area of high unemployment. The properties qualify because they are tax reverted and owned or under the control of the Genesee County Land Bank Fast Track Authority. Certain sites are the subject of a brownfield plan approved by the Genesee County Brownfield Redevelopment Authority and the Genesee County Board of Commissioners. The brownfield plan has concurrence resolutions approved by selected communities (currently being confirmed).

The Genesee County Land Bank Fast Track Authority will seek to use other funds to continue conducting eligible activities on the various sites as the funds and redevelopment opportunities become available. The Land Bank Authority intends to submit a Project Pre-approval Application for Brownfield Single Business Tax Credit(s) in the future.

PROJECT COSTS

Demolition	\$3,680,000
Lead and Asbestos	\$ 215,000
Site Preparation & Title Clearance	\$ 450,000
Plan Preparation and Review	\$ 9,000
MEGA Review Cost	\$ 1,000
Bond Interest	\$ 800,000
Total	\$5,155,000
Minus	\$ 245,000
Grand Total	\$4,910,000

There are 54.2074 mills available for capture (based on averaging millage rates and other factors in participating communities), with school millage equaling 24 mills (44.27%) and local millage equaling 30.2074 mills (55.73%). The recommended tax capture breaks down as follows:

Local tax capture	\$ 2,736,343 (55.73%)
School tax capture	\$ 2,173,657 (44.27%)
	\$ 4,910,000

Bob Swanson asked whether the applicant will have to come before the MEGA board as additional communities are added? Vern Taylor said yes. He explained the Tax Increment Financing process and the need for approval of tax capture at the county level.

Dan Harrell discussed the formation of the County Land Bank Fast Track Authority and their work with the State Land Bank.

Recommendation

The MEDC recommends approval of the work plan to capture school taxes up to a maximum of \$2,173,657 for the cost of eligible activities totaling \$4,910,000, as described above.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommended approval of the requested tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2005-03, authorizing the capture of school taxes for the Genesee County Brownfield Redevelopment Authority and the Genesee County Land Bank Fast Track Authority, was adopted.

The meeting was adjourned at 10:40 a.m.

The next regularly scheduled meeting of the MEGA board is scheduled for Tuesday, February 15, 2005.