

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on October 17, 2006, at 9:00 a.m.

Members Present

Cullen DuBose

Jim Epolito

Bo Garcia

Sande-Bain MacLeod

Scott Schragger (acting on behalf of Robert Kleine, authorization attached)

Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

Robert Swanson

Others Present

Karen Ammarman, Secretary to the Board, MEDC

Peter Anastor, MEDC

Ronald Andronaco, PureFlex, Inc.

Amy Banninga, MEDC

Jan Barger, Warner, Norcross & Judd

Jared Belka, MEDC

Dwight Belyue, Belmar Development

Tiffany Bloom, MEDC

Joe Borgstrom, MSHDA

Scott Bosgraaf, Woodard Station Lofts

John Byl, Warner, Norcross & Judd

Stephen Chesna, Karmann Manufacturing

Daniel Daluch, Backyard Storage Solutions

Lisa Dancsok, MEDC

Deb Dansby, MEDC

Jim Donaldson, MEDC

Frank Ferro, MEDC

Tracy Freeman, MEDC

Lynn Gandhi, Miller, Canfield, Paddock & Stone PLC

Cynthia Grubbs, MEDC

Philip Hathaway, City of Owosso

Marc Hatton, City of Kalamazoo

Jennifer Hayes, House of Representatives

Amy Hovey, Genessee County Land Bank

Akira Iwatsu, American Litho, Inc.

Sue Jackson, The Right Place Inc.

Anne Jamieson, AKT Peerless

Kathy Kleckner, MEDC

Carol Knobloch Johns, MEDC

Maureen Krauss, Oakland County

David Kurtycz, MEDC
Lori LaPerriere, MSHDA
Penny Launstein, MEDC
Jim Linton, AKT Peerless
Leah Maher, MEDC
Mark Mitchell, Harbor Shores
Mark Morante, MEDC
Peter Newton, American Litho, Inc.
Shunsuke Nishimura, American Litho, Inc.
Susan Novakoski, MEDC
K. Edward Nuernberg, BASF Corporation
Patti Owens, Greenleaf Holdings 3, LLC
Jim Paquet, MSHDA
Clay Pearson, City of Novi
Nate Pilon, MEDC
Mariangela Pledl, City of Detroit BRA
Mike Pohnl, MEDC
Hon. Richard Root, City of Kentwood
Tom Schimpf, Attorney General's Office
Heather Shawa, Demmer Corporation
Mike Shore, MEDC
Paul TenBrock, PureFlex, Inc.
Bob Trezise, City of Lansing
Hunter Tully, Ryder Integrated Logistics, Inc.
Joe Voszatka, City of Wyandotte
Winston Woo, A.G. Simpson (USA), Inc.
Kara Wood, City of Lansing
Janice Zajac, Global Exeter

Call to Order

Jim Epolito called the meeting to order at 9:08 a.m.

Approval of Minutes from September 19, 2006

After review, a motion was made, supported and carried that board meeting minutes from the September 19, 2006 meeting be adopted

Public Comment

There was no public comment.

ACTION ITEM

*A.G. Simpson Automotive Systems
6640 Sterling Drive South
Sterling Heights, Michigan 48312*

Jim Donaldson introduced Winston Woo from A.G. Simpson Automotive Systems. A.G. Simpson Automotive Systems (AGS), established in 1947 in Toronto, Ontario, currently operates out of six North American locations with over 1000 employees. A full service automotive supplier, with capability in stamping, plating, painting, plastics, sequencing and assembly, AGS had approximately \$320 million in sales revenue in 2005, and approximately 30% of the North American chrome plated bumper market. AGS operates as both a Tier 1 and Tier 2 supplier, with a customer base that includes General Motors, DaimlerChrysler, Delphi, TI Automotive, Magna, and Martinrea.

The company currently has 52 full time Michigan employees at its facility in Troy.

Mr. Woo discussed the company's request for tax credit. In 2001, the company acquired a bankrupted automotive company. Through this acquisition, they purchased a closed facility in Sterling Heights that has remained closed. AGS is proposing to reopen this facility to expand its automotive parts assembly and sequencing as well as plating and plastic parts manufacturing capabilities.

If the company reopens this facility, an investment of \$2.3 million will be required to rehab the building. Additionally, \$7.5 million in new machinery and equipment will be purchased to equip the facility. The company anticipates the creation of up to 130 new jobs, paying an average weekly wage of \$420.

It is estimated that this facility will create a total of 242 jobs in the state by the year 2012. We also estimate that the project would increase total state government revenues through the year 2012, of \$3.78 million due to the location of this facility.

The company has considered several other locations for these manufacturing activities. The province of Ontario has offered a very generous incentive package to attract the project to Canada. The company has several facilities in Ontario where expansions are possible. Ontario offers multiple tax refunds and exemptions, which could save the company more than \$1 million each year.

The State of Michigan has offered the 100% SBT Credit for Personal Property Related to Transferred Jobs. Based on the company's estimate of \$2.3 million in equipment value related to the transferred jobs, an SBT credit of up to \$69,000 could be available in 2007.

The City of Sterling Heights has approved a 9-year PA 198 property tax abatement for all new real and personal property related to this project. The estimated value of this abatement is \$400,000.

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$179,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for six years, for up to 130 net new jobs.

Board Discussion

Scott Schragger gave the Executive Committee report. The Executive Committee recommended approval of the request for tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2006-72, authorizing a standard MEGA employment tax credit for A.G. Simpson (USA), Inc., was adopted.

ACTION ITEM

*American Litho, Inc.
4150 Danvers Court, S.E.
Kentwood, Michigan 49512*

American Litho Inc., located in Grand Rapids, Michigan is a leading manufacturer of ecologically safe printing plates, prepress chemistries, and plate processors for the U.S. & International newspaper industries. The parent company, Konica Minolta Graphic Imaging U.S.A., Inc., is a subsidiary of Konica Minolta Holding Inc., which is a leading manufacturer and distributor of both conventional and digital graphic arts supplies. The company serves the printing and publishing, corporate communications and newspaper industries from its manufacturing headquarters in Glen Cove, New York. The company currently has 60 full time Michigan employees at its facility in Kentwood. Jim Donaldson introduced Shunsuke Nishimura, Peter Newton, and Akira Iwatsu from American Litho, Inc. The Mayor of Kentwood, the Honorable Richard Root, was also introduced to the board.

American Litho's current product line has become obsolete in the major printing market. Over the past year they began an overhaul of their current facility and production line in the facility. The company now proposes to add a production line (Line 3) in order to add to its capabilities. The addition of Line 3 will lead to further expansions in the future including the possibility of Production Lines 4 and 5 at an adjacent facility.

If the company proceeds with its plans to build Production Line 3, an investment of \$13.5 million in new machinery and equipment will be required. The company anticipates the creation of up to 163 new jobs, paying an average weekly wage of \$645.

It is estimated that this facility will create a total of 327 jobs in the state by the year 2015. We also estimate that the project would increase total state government revenues through the year 2015, of \$9.7 million due to the location of this facility.

The company has considered doing the initial expansion of Production Line 3 and all future expansions in the State of Pennsylvania. Pennsylvania has offered a Brownfield site where the expansion could take place. In addition, the company's customer base is closer to the Pennsylvania location, making transportation costs from Michigan higher.

The MEDC has offered up to \$81,500 in training assistance through the Economic Development Job Training program; up to \$500 per employee for up to 163 new employees.

The City of Kentwood has proposed a PA 198 property tax abatement for eight years on personal property and 12 years on real property related to this project. The estimated value of this abatement is \$750,000. The city commission will take up this proposal at their October 17, 2006 meeting.

In addition, the State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$98,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for nine years, for up to 163 net new jobs.

Board Discussion

Scott Schrager gave the Executive Committee report. The Executive Committee recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2006-73, authorizing a standard MEGA employment tax credit for American Litho, Inc., was adopted.

ACTION ITEM

*Backyard Storage Solutions, LLC
6400 East 11 Mile Road
Warren, Michigan 48901*

Jim Donaldson introduced Daniel Dalach from Backyard Storage Solutions, LLC and William Morris with the Monroe County Industrial Development Corporation.

Backyard Storage Solutions produces two product lines for residential storage and garden structures, Handy Home and Heartland Industries. Handy Home is America's leading provider of ready-to-assemble wooden storage and recreational building kits. Heartland Industries provides installed custom wooden storage & recreational building solutions from the Backyard Building Experts, including sunlight buildings, cedar gazebos, storage buildings, and play houses.

The proposed project would be located in Monroe, Michigan. The operation would relocate an existing operation in Warren, Michigan and a subsequent expansion of operations at the new site. The total capital investment anticipated is \$5,025,000, including the purchase of an existing building for approximately \$4 million. The remainder of investment will be in relocation of equipment from Warren and the purchase of new equipment. The project will create up to 80 new jobs with an average hourly wage of \$13.90. Backyard Storage Solutions LLC is also considering sites in Anderson, Indiana and Indianapolis, Indiana.

It is estimated that this facility will create a total of 140 jobs in the state by the year 2013. We also estimate that the project would increase total state government revenues through the year 2013, of \$2.92 million due to the location of this facility.

The company has considered locating these expansions in an existing facility in a building it would purchase in Monroe. Wages are expected to be approximately 15% lower in Indiana. Taxes and utilities are also lower in Indiana. The annual cost differential ranges up to \$2 million annually.

The City of Monroe is expected to vote on a proposed eight-year PA 198 property tax abatement for all new real and personal property related to this project within 30 days of receipt of an application by the company. The estimated value of the PA 198 abatement is approximately \$81,000 over eight years.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 80 qualified new jobs in the City of Monroe.

Board Discussion

Scott Schragger gave the Executive Committee report and, on behalf of the Executive Committee, recommended approval of the requested tax credit.

Tom Schimpf pointed out that even though some of today's MEGA recipients do not anticipate creating new jobs until 2008 or beyond, the resolutions the board is acting upon say that the credits must start by December 31, 2007. He reminded the Board that, due to the repeal of the SBT scheduled for December 31, 2007, the Board can only approve tax credits against the SBT that will begin by December 31, 2007.

Hearing no further discussion, a motion was made and supported and Resolution 2006-74, authorizing a standard MEGA employment tax credit for Backyard Storage Solutions, LLC, was adopted.

ACTION ITEM

Karmann Manufacturing LLC
14988 Pilot Drive
Plymouth, Michigan 48170

Founded in 1996, Karmann USA, Inc. is a wholly owned subsidiary of Wilhelm Karmann GmbH, which is headquartered in Osnabrueck Germany. In December 2003, Karmann Manufacturing was founded as the manufacturing arm of Karmann USA. The company manufactures both hard and soft top convertible roof systems for General Motors and DaimlerChrysler. Karmann USA and related entities currently have 323 employees in Michigan.

Jim Donaldson introduced Stephen Chesna with Karmann Manufacturing LLC. Mr. Chesna described the project to the board.

The company has secured additional business to manufacture a convertible roof system for a North American OEM and needs to expand its operations. The company has proposed a facility to manufacture this product as well as subsystem assemblies for other convertible roof systems currently being supplied from Karmann's tiered supply base. This new operation will enable Karmann to broaden their product portfolio and ability to supply top systems for virtually all convertibles manufactured in North America.

The project will require capital investment of approximately \$22 million, including \$19 million for special tooling. The company anticipates the creation of up to 375 new jobs in the first five years of operations. The pay for these new jobs will average at least \$576 per week.

It is estimated that this facility will create a total of 735 jobs in the state by the year 2016. We also estimate that the project would increase total state government revenues through the year 2016, of \$22.3 million due to the location of this facility.

The company has also considered the Portland Tennessee area for this project. The company has been offered major property tax abatements, infrastructure and training assistance and the State Job Tax Credits. The company recognizes the benefits of close proximity to Karmann's existing Technical Center in Plymouth, but they are still facing a cost disparity in Michigan of \$3 million per year.

The Charter Township of Plymouth has approved a fifty percent abatement of local real and personal property taxes for 10 years. This incentive is valued at \$261,000. Amy Banninga has been in contact with the community, and expressed their support for this project.

The Michigan Economic Development Corporation has offered up to \$212,500 in training assistance through the Economic Development Job Training program; up to \$500 per employee will be provided to train up to 425 new or existing employees.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 375 net new jobs.

Board Discussion

Scott Schrage gave the report on behalf of the Executive Committee. The committee has recommended support of the requested tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2006-75, authorizing a standard MEGA employment tax credit for Karmann Manufacturing LLC, was adopted.

ACTION ITEM

*PureFlex, Inc.
4855 Broadmoor Avenue
Kentwood, Michigan 49512*

PureFlex is a manufacturer producing high purity hose and fittings to biopharmaceutical, chemical, steel, power and mining industries. Jim Donaldson introduced Ron Andronaco and Paul TenBrock with PureFlex. The Mayor of Kentwood, the Honorable Richard Root, was also introduced to the board.

PureFlex was founded in October of 1994 with three employees and has grown to 80+ employees in three states (Michigan, Ohio and New Jersey). The company has grown sales organically and thru acquisitions to \$18 million in just 12 years. The company currently has 33 full time Michigan employees at its facility in Kentwood.

PureFlex plans to continue its growth through acquisitions and through the consolidation and expansion of its Michigan facility. The company is considering closing its two out-of-state facilities and consolidating them in Michigan. In order to do so, it will need to develop a new Michigan facility, large enough to house all three operations under one roof.

If the company proceeds with its consolidation, an investment of \$6.5 million for the lease on a new facility, and an additional \$800,000 investment in new machinery and equipment will be made. The company anticipates the addition of 60 new employees in the first year and up to 225 new jobs would be added over five years. The new positions are expected to pay an average weekly wage of \$680.

It is estimated that this facility will create a total of 366 jobs in the state by the year 2022. We also estimate that the project would increase total state government revenues through the year 2022, of \$16 million due to the location of this facility.

The company has considered moving the entire operation to Williamsburg, South Carolina. In South Carolina the wages are not only lower but the taxes and utility costs are also considerably lower than they are in Michigan.

The State of Michigan has offered a 100% SBT Credit for Personal Property Related to Transferred Jobs. Based on the company's estimate in equipment value related to the transferred jobs, an SBT credit of up to \$50,000 could be available in 2007.

The MEDC has offered up to \$112,500 in training assistance through the Economic Development Job Training program; up to \$500 per employee for up to 225 new employees.

The City of Kentwood has proposed a PA 198 property tax abatement for eight years on personal property and for 12 years on real property related to this project. The estimated value of this abatement is \$955,139. The city commission will take up this proposal at their October 17, 2006 meeting.

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$127,419.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 15 years, for up to 225 net new jobs.

Board Discussion

Scott Schrage gave the report on behalf of the Executive Committee. The committee has recommended support of the requested tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2006-76, authorizing a standard MEGA employment tax credit for PureFlex, Inc., was adopted.

ACTION ITEM

*Ryder Integrated Logistics, Inc.
11690 N.W. 105 Street
Miami, Florida 33178-1103*

Jim Donaldson introduced Hunter Tully from Ryder Integrated Logistics, and Clay Pearson with the City of Novi. Mr. Tully discussed the project for the board. Ryder System, Inc., provides leading-edge transportation, logistics and supply chain management solutions worldwide. Ryder serves customer needs throughout North America, Latin America, Europe and Asia. For more than seven decades, Ryder has earned high marks for serving customers in a timely, cost-effective and reliable manner. Ryder's stock is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index.

The company's Ryder Integrated Logistics division provides contract based supply chain management services to automotive OEMs and Tier-1 suppliers, including planning of inbound and outbound logistics networks, procurement of freight, and execution of transportation. Ryder Integrated Logistics currently employs over 1,300 individuals in Michigan.

The company is considering a consolidation of operations currently located in Ann Arbor and Farmington Hills, into a new facility to be constructed specifically for their use in the City of Novi. The company is growing, and expects to add up to 400 new jobs as a result of the project, over the next five years. These new positions will pay an average starting weekly wage of \$960.

The company anticipates total capital investment in the facility in excess of \$20 million.

It is estimated that this facility will create a total of 777 jobs in the state by the year 2013. We also estimate that the project would increase total state government revenues through the year 2013, of \$4 million due to the location of this facility.

The company has considered several scenarios, including relocating some operations to Dallas, Texas and outsourcing others to India or China. There are major relocation and start up costs under this scenario, but the company could realize savings of up to \$5 million per year after the transition period.

The City of Novi has approved up to \$481,000 of city road funds to pay for public infrastructure improvements required for the project.

The Oakland County Workforce Development Division has committed up to \$150,000 in federal funds to provide workforce recruitment and development services in support of this expansion.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 400 net new jobs.

Board Discussion

Scott Schrage gave the report on behalf of the Executive Committee. The committee has recommended support of the requested tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2006-77, authorizing a standard MEGA employment tax credit for Ryder Integrated Logistics, Inc., was adopted.

ACTION ITEM

*Siemens VDO Automotive Corporation
2400 Executive Hills Boulevard
Auburn Hills, Michigan 48326*

Siemens VDO is a leading international automotive supplier of electronics and mechatronics. It manufactures a comprehensive spectrum of products relating to the drivetrain, engine management electronics and fuel injection. Mr. Gary Carl from Siemens VDO Automotive Corporation was introduced, along with Ron Hodis and Lynn Gandhi from Miller, Canfield, et. al., and Maureen Krauss, representing Oakland County. Mr. Carl discussed the project for the board.

The parent company, Siemens AG, is located in Berlin and Munich. The company has 461,000 employees working to develop and manufacture products, design and install complex systems and projects, and tailor a wide range of services for individual requirements. Founded more than 155 years ago, the company is active in the areas of information and communications, automation and control, power, transportation, medical and lighting applications. For the 2005 fiscal year, Siemens had sales of €75.445 billion and net income of €2.248 billion.

Siemens VDO is proposing a new North American headquarters, including new vehicle and application engineering facility and test labs at an Auburn Hills, Michigan location. The facility will represent a consolidation of three existing locations, in addition to new employment growth. The facility will include a research and development testing facility, with engine chassis dynamometers, emission testing facility, labs, model shop and CAD facilities, in addition to offices for engineers, professionals and corporate executives. This consolidation and expansion is expected to retain 600 jobs, and new job growth of up to 500 jobs can be anticipated. The average annual wage of the jobs is approximately \$75,000 per employee. The total capital investment is expected to range from \$50 million to \$60 million, depending on final site selection. Siemens VDO is

considering relocation of this facility to Huntsville, Alabama, where it already has a manufacturing and office facility, along with open capacity for offices, testing and labs.

Taxes and utilities are considerably lower in Alabama. The annual cost differential ranges up to \$2 million annually.

It is estimated that this project will create a total of 1280 jobs in the state by the year 2016, and would increase total state government revenues through the year 2016, by \$41 million. In addition, it is estimated that the retention credit will maintain a total of 1571 jobs in the state through the year 2016, and would maintain state and local government revenues through the year 2016, of \$67.2 million, due to the retention of this facility in Michigan.

Auburn Hills is expected to vote on a proposed property tax abatement for all new real and personal property related to this project within 30 days of receipt of the company's application. The estimated value of the PA 198 abatement is approximately \$1.5 million over eight years. In addition, the state is offering a 50% abatement of the six-mill state education tax, worth approximately \$425,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent new jobs employment tax credit for 10 years, for up to 500 qualified new jobs in Auburn Hills. In addition, a job retention credit of 50 percent is recommended for up to 600 retained jobs. The retained jobs credit will be subject to a repayment clause.

Board Discussion

Scott Schragger gave the Executive Committee report. The Executive Committee recommended approval of the requested MEGA tax credits.

Hearing no further discussion, a motion was made and supported and Resolution 2006-78, authorizing a standard MEGA employment tax credit, as well as a retention credit, for Siemens VDO Automotive Corporation, was adopted.

ACTION ITEM

*BASF Corporation
1609 Biddle Avenue
Wyandotte, Michigan 48192*

Jim Donaldson introduced K. Edward Nuernberg from BASF Corporation and Joe Voszatka with the City of Wyandotte. Mr. Nuernberg presented the company's project to the board. BASF Corporation was formed in 1986 and is the North American affiliate of BASF AG, of Ludwigshafen, Germany, one of the world's leading chemical companies. BASF has a strong portfolio of products that ranges from chemicals,

plastics, performance products, agricultural products and fine chemicals to crude oil and natural gas. In 1969, BASF acquired Wyandotte Chemicals Corporation in Wyandotte, Michigan. Today, BASF has approximately 94,000 employees worldwide and sales of over \$50 billion. BASF Corporation employs about 16,000 people in North America, including over 2,000 in Michigan.

BASF Corporation is considering the relocation of the recently purchased Johnson Polymer business from Wisconsin to Wyandotte, Michigan. The Johnson Polymer business was purchased from JohnsonDiversey and as part of the acquisition, BASF needs to relocate those operations. The products being relocated include Solid Grade Oligomer Resins, resins blends and cuts and Emulsion Polymers.

The initial phase of the relocation will include the transfer of 70 research and development, sales, marketing and customer support staff in 2007. The second phase will require the construction of 110,000 square feet of new buildings to house the manufacturing production of these products. In total, 175 new jobs are expected to be created to support this project, with average weekly wages of \$1,319. Total investment for the project will be \$150 million, including \$40 million for new buildings and site improvements, and \$110 million for new machinery and equipment.

The project is located in the City of Wyandotte, a qualified local governmental unit. The property is a facility and is the subject of a brownfield plan approved by the City of Wyandotte on October 9, 2006. The applicant is a qualified taxpayer that owns the eligible property.

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

It is anticipated that 175 new jobs will be created due to this project. The unadjusted unemployment rate for Wyandotte was 5.9% in August 2006. This compares to the statewide seasonally adjusted average of 7.1% in August 2006.

BASF Corporation anticipates spending \$150 million in capital investment for this project.

In addition to the Wyandotte site, BASF Corporation was also considering a site in Chattanooga, Tennessee for this facility. The Tennessee site offered operational cost savings in a number of areas including lower wages, real property tax costs, and corporate income tax liabilities due to a loss position in Tennessee. In addition, Tennessee was offering incentives for this project and the site in Tennessee was not contaminated, so the company would not have to address any brownfield conditions at that site. In Wyandotte, BASF estimates they could spend up to \$2 million to alleviate contaminated soil conditions at the site.

Without the incentives being offered, Michigan would not be able to compete with an alternative site in Tennessee for this project.

It is estimated that this project will generate a total of 648 jobs in the state by the year 2016. Total state government revenues through the year 2016, would be increased by \$23.2 million due to the presence of this facility.

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local PA 198 property tax abatement. The value of this abatement is estimated at \$1.3 million.

The City of Wyandotte is considering both a PA 198 real property tax abatement for 12 years and a PA 328 personal property tax abatement for 20 years. The estimated value of the PA 198 abatement is \$6.3 million and the estimated value of the PA 328 abatement is \$28.7 million. The City of Wyandotte expects approval of the tax abatements by the end of November, 2006.

The eligible investment to be undertaken by BASF Corporation includes:

Site Improvements	\$ 23,000,000
New Construction	17,000,000
Addition of Machinery & Equipment	<u>+110,000,000</u>
TOTAL	\$150,000,000

Recommendation

The Michigan Economic Development Corporation recommends approval of a 100 percent standard employment tax credit for 10 years, for up to 175 net new jobs.

In addition, the brownfield redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment, not to exceed a \$15 million credit.

Board Discussion

Scott Schragger gave the Executive Committee report. The committee recommended support of the requested MEGA tax credit, along with the approval of a brownfield redevelopment SBT credit for this project.

Tom Schimpf pointed out that a credit of this size is considered a jumbo credit, and one of only two that the board is able to approve during the course of a year.

Jim Epolito discussed the fact that this expansion, with its expected increased production, will greatly increase consumption of resources from the nearby power plant.

Hearing no further discussion, a motion was made and supported and Resolution 2006-79, authorizing a standard MEGA employment tax credit for BASF Corporation, was adopted. A motion was then made and supported to authorize a brownfield

redevelopment SBT credit for BASF Corporation. The motion carried and Resolution 2006-80 was adopted.

ACTION ITEM

*Greenleaf Holdings 3, LLC
100 West Michigan Avenue, Suite 100
Kalamazoo, Michigan 49007*

Joe Borgstrom introduced Patti Owens with Greenleaf Holdings 3, LLC, along with Marc Hatton from the City of Kalamazoo and John Byl with Warner, Norcross & Judd. Ms. Owens explained the project. Greenleaf Holdings 3, LLC, is expected to redevelop two parcels located at 130 and 140 West South Street in downtown Kalamazoo. Once redeveloped, the site will consist of a four-floor office tower plus two floors of above grade and two floors of below grade parking. There will be 76,836 square feet of gross floor area with 67,162 square feet of net rentable floor area on the office floors. In addition, there will be a total of 142 parking spaces on the four parking levels. The total capital investment is expected to be \$32 million. Total eligible investment is anticipated to be \$24.6 million.

The project is located in the City of Kalamazoo, a qualified local governmental unit. The property is a facility and is the subject of a brownfield plan approved by the City of Kalamazoo on September 5, 2006. The applicant is a qualified taxpayer that owns the eligible property.

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

Fifty-six jobs will be retained and 10 new jobs created. It is expected the average wage for the new jobs will range from \$37,000 to \$50,000 per year.

The unadjusted unemployment rate for the City of Kalamazoo was 7.4% in August, 2006. This compares to the statewide seasonally adjusted average of 7.1% in August, 2006.

The City of Kalamazoo has approved local Tax Increment Financing (TIF) for site preparation and potential environmental activities on the site. In addition, the Kalamazoo Downtown Development Authority is considering \$715,000 to support infrastructure development for this project.

The eligible investment to be undertaken by Greenleaf Holdings 3, LLC includes new construction costs of \$24,596,158.

Recommendation

The brownfield redevelopment staff recommends approval of a brownfield redevelopment SBT credit of 10% of the eligible investment, not to exceed a \$2,459,616 credit.

Board Discussion

Scott Schragger gave the Executive Committee report. The committee recommended support of the requested brownfield redevelopment tax credit.

Peter Anastor discussed the fact that the tax credit is contingent upon the Kalamazoo Downtown Development Authority approving the \$715,000 to support infrastructure development for this project.

Tom Schimpf explained that the Single Business Tax Act permits companies whose projects extend into 2008 and '09 to request credit for 2007.

Hearing no further discussion, a motion was made and supported and Resolution 2006-81, authorizing a brownfield redevelopment Single Business Tax credit for Greenleaf Holdings 3, was adopted.

ACTION ITEM

*Woodard Stations Lofts, LLC
200 North Franklin, Suite 100
Zeeland, Michigan 49464*

Scott Bosgraaf with Woodard Station Lofts was introduced, along with John Byl from Warner, Norcross & Judd, and Philip Hathaway from the City of Owosso. Mr. Bosgraaf presented the project to the board. The former Woodard Furniture manufacturing building is located at 317 South Elm Street in the City of Owosso, Shiawassee County, and consists of two vacant structures. The applicant will demolish portions of the interior of the buildings, remove lead paint and asbestos, provide infrastructure improvements and will completely renovate and restore the buildings for combined residential, retail, and limited office use. The largest building is 172,000 square feet, of which approximately 148,000 square feet will be renovated into residential condominium units with the remaining 24,000 square feet designated for retail and/or office space. The smaller building is approximately 36,000 square feet and will be renovated into retail and/or office use.

The project is located within the boundaries of the City of Owosso, and has been deemed a facility. The property is the subject of a brownfield plan, duly approved by the

City of Owosso on September 18, 2006. The applicant is a qualified taxpayer that owns the eligible property.

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

It is anticipated that the project will result in 35 new permanent jobs at an estimated hourly wage ranging from \$12 to \$35 consisting of retail, management and maintenance staff jobs.

The unadjusted unemployment rate for Shiawassee County was 7.8% in August of 2006. This compares to the statewide seasonally adjusted average of 7.1% in August of 2006.

The project is expected to receive a Neighborhood Enterprise Zone (NEZ) approval by the City of Owosso in November 2006. Also, the City of Owosso Brownfield Redevelopment Authority has submitted an Act 381 Work Plan request to the MDEQ totaling \$149,750.

Demolition	\$ 1,491,000
Infrastructure Improvements	300,000
Lead or Asbestos Abatement	+ 400,000
Sub-Total	\$ 2,191,000
Work Plan Preparation and Review	6,000
Contingency	+ 328,650
TOTAL	\$ 2,525,650

There are 49.3381 mills available for capture, with school millage equaling 23.7259 (48%) and local millage equaling 25.6122 (52%), however, during the first 12 years of capture a NEZ designation will limit the capture to the commercial portion only, as the residential portion of the taxable value will be exempt from capture.

<u>2007 – 2018 (NEZ)</u>	
School tax capture (48%)	\$ 685,631
Local tax capture (52%)	+ 740,143
TOTAL	\$ 1,425,774

<u>2019 – 2023</u>	
School tax capture (30%)	\$ 329,963
Local tax capture (70%)	+ 769,913
TOTAL	\$ 1,099,876

<u>Overall</u>	
School tax capture (40%)	\$ 1,015,594
Local tax capture (60%)	+ 1,510,056
TOTAL	\$ 2,525,650

The eligible investment to be undertaken by Woodard Station Lofts, LLC includes the restoration, alteration, renovation and improvement of buildings, expected to cost \$17.5 million.

Recommendation

The brownfield redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a \$1,100,000 credit.

The brownfield redevelopment staff also recommends approval of local and school tax capture for the eligible activities totaling \$2,525,650 described above. Utilizing the state to local capture ratios described above, the amount of school tax capture for this project is estimated at \$1,015,594.

Board Discussion

Scott Schragar, on behalf of the Executive Committee, recommended approval of the brownfield redevelopment tax credit and of the requested tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-82, authorizing a brownfield redevelopment Single Business Tax credit for Woodard Station Lofts, LLC, was adopted.

A motion was then made and supported to authorize the capture of school operating taxes for the City of Owosso Brownfield Redevelopment Authority for the Woodard Station Lofts project. The motion carried and Resolution 2006-83 was adopted.

ACTION ITEM

*Central Brush Park, LLC, 3100 Woodward, LLC and American House at Brush Park LDHA Limited Partnership
78 Watson, Suite 100
Detroit, Michigan*

Jim Paquet presented this project and introduced Dwight Belyue with Belmar Development. Mariangela Pledl from the Detroit Brownfield Redevelopment Authority and Anne Jamieson from AKT Peerless were also introduced. Mr. Belyue described the project, which consists of mixed-use and residential redevelopment, on the 3100 Woodward and Brush Park Central sites. The sites are predominantly vacant and tax reverted properties with a scattering of blighted buildings. The combined developments will create 347 housing units ranging in cost from \$100,000 to \$449,000. Commercial and retail space will total 27,986 square feet. Eligible investments are estimated at \$102,031,734 and will be made in eleven phases based on market demand.

The primary structure at 3100 Woodward is the historically significant and vacant Crystal Ballroom. Phase I will involve its renovation into 12,000 square feet of ground floor commercial and retail space along Woodward and Watson, topped by 13 second-, and four third-floor condominiums. The second floor condos will average \$300,000. The penthouse units will average \$393,000. Total eligible investment in Phase I is estimated at \$5.7 million.

Phase II is the construction of a new Masons Headquarters building on vacant land in the north central portion of the site, providing 10,000 square feet of office, meeting and banquet space. Total eligible investment in Phase II is estimated at \$2.1 million.

In Phase III, a five-story mixed-use building will be constructed on the southeast quadrant of the site. It will have retail frontage along John R and parking on the remainder of the first floor. Approximately 120 residential units will occupy the four upper floors. It is expected that this will be senior housing with meals, housekeeping and transportation services included in the \$1500 per month rent. MSHDA is working with the developer on a program that could make a portion of these units more affordable.

Phase IV will involve renovation of the three-story Masons building currently located on the northeast corner of the site. The structure will be converted to 23 apartment units configured as two-bedroom units. It is expected that these units will be priced at \$1 per square foot per month. Total eligible investment in Phase IV is estimated at \$4.6 million.

Finally, in Phase V an eight- to 10-story mixed use building will be constructed on the northwest corner of the site at 3150 Woodward. Retail space totaling 10,000 square feet will occupy the street level along both Woodward and Erskine with a 200 car parking deck behind. The upper floors will be occupied by 110 residential units priced at \$250 per square foot, making a typical unit \$275,000. Total eligible investment in Phase V is estimated at \$31.9 million.

The Brush Park Central development will involve new infill construction of a residential neighborhood with a variety of housing types along Watson and Edmund streets between John R and Brush. The site is a block off Woodward, adjacent to, and southeast of, the 3100 development. It is made up of 47 parcels, almost all of which are vacant, that surround a scattering of existing homes that are not part of the project. Each of the parcels qualifies as blighted, or because it is adjacent to a blighted parcel. Two of the vacant parcels will be developed as a neighborhood park.

Phase VI is the northwest quadrant of the site. Live/work units will provide four units at the corner of John R and Watson. Moving east on Watson, clustered rowhouses two and a half to three and a half stories in height will mimic the original buildings that once lined these corridors. The row houses will provide eight more units. Behind the rowhouses, on the alley, will be three carriage house units. Each of the units will have attached garages. South of Watson on John R will be a park. Next to the park, an

existing manor house, known as the Castle, will be preserved and renovated into 12 residential units. To the east of the Castle a parking structure, designed to look like a carriage house, will be constructed. Total eligible investment in Phase VI is estimated at \$6.8 million.

Phase VII is the northeast quadrant of the site. Eight live/work units will be constructed in two buildings along Brush St. The interior of the quadrant will consist of 10 rowhouse units constructed on either side of Watson, with four carriage house units behind them. Total eligible investment in Phase VII is estimated at \$5.1 million.

Phase VIII will provide higher density at the corner of Brush and Edmund. There, a five-story building will provide 25 loft-style units above first floor parking. The parking will be screened by retail space on Brush. Immediately west of the lofts, a rowhouse and carriage house will provide three more units. Total eligible investment in Phase VIII is estimated at \$8.4 million.

Phase IX will add a second five-story building providing 25 loft units, parking and retail on Brush St., south of Edmund. The cost of eligible investments is estimated at \$7.75 million.

Phase X will continue construction along Edmund with fifteen rowhouse units. Behind them, on the alley, seven carriage house units will be built. Total eligible investment is estimated at \$4.87 million for this phase.

Phase XI will complete the project. A third 25-unit loft structure will be constructed at the corner of John R and Edmund. Retail space along John R will screen the first floor parking. Across John R, another live/work structure will provide four more units. Eligible investment for the final phase is estimated at \$8.7 million.

Approximately 75 permanent retail/commercial jobs paying \$10 to \$12.50 per hour will be created by the time the project is completed.

Total capital investment is estimated at \$112,921,277 including \$102,031,734 of investment eligible for the SBT credit. The applicant has requested a credit of \$10 million.

The project is located within the boundaries of the City of Detroit, a qualified local governmental unit. Each of the eligible properties qualifies as blighted or because it is adjacent to a property that is blighted. The property is the subject of a brownfield plan, duly approved by the City of Detroit on November 16, 2005.

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

The construction of nearly 30,000 square feet of commercial/retail space will result in the creation of 75 professional, service and retail jobs, many of which are expected to be filled by neighborhood residents. Estimates of the number of construction jobs are

not yet available, but the construction period will span three to four years and the wages will be subject to prevailing wage and living wage standards.

The unemployment rate (unadjusted) for the City of Detroit was 13.2% in June of 2006, more than double the statewide rate of 6.5% in the same period.

The project has received substantial local support. It has been approved for a Neighborhood Enterprise Zone. A majority of the public infrastructure improvements in the project area, including new roads, sidewalk reconstruction, and upgrading or replacement of water and sewer mains, gas and electric utilities is being completed by the City. To date, \$41 million has been spent in the area encompassing the project sites. The Detroit Investment Fund is providing \$10.2 million of subordinated debt for the project.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 230,000
Infrastructure Improvements	2,254,000
Lead or Asbestos Abatement	230,000
Site Preparation	+ 4,558,182
TOTAL	\$ 7,272,182

With the NEZ and Homestead Property Tax exemption, there are 11.24 mills available for capture on the value of the residential property. State school tax capture equals 1.55 mills. Commercial property tax capture is 61.58 mills with state school tax capture equal to 24 mills. The combined tax capture breaks down as follows:

School tax capture (28%)	\$ 2,036,211
Local tax capture (72%)	+ 5,235,971
TOTAL	\$ 7,272,182

COST OF SBT ELIGIBLE INVESTMENTS:

New Construction	\$ 89,680,609
Building Renovation	+ 12,381,125
TOTAL	\$102,061,734

Recommendation

The brownfield redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment, not to exceed a \$10 million credit.

The brownfield redevelopment staff also recommends approval of local and school tax capture for the eligible activities totaling \$7,272,182 described above. Utilizing the state to local capture ratio described above, the amount of school tax capture for this project is estimated at \$2,036,211.

Board Discussion

Scott Schrager gave the Executive Committee report. After review and discussion, the Executive Committee has recommended support of the requested brownfield redevelopment tax credit and the capture of school operating taxes for this project.

Hearing no further discussion, a motion was made and supported and Resolution 2006-84, authorizing a brownfield redevelopment Single Business Tax credit for Central Brush Park, LLC, 3100 Woodward, LLC and American House at Brush Park, was adopted.

A motion was then made and supported to authorize the capture of school operating taxes for the City of Detroit Brownfield Redevelopment Authority for the Central Brush Park and 3100 Woodward project. The motion carried and Resolution 2006-85 was adopted.

ACTION ITEM

*City of Flint Brownfield Redevelopment Authority
1101 South Saginaw Street
Flint, Michigan 48502*

Joseph Borgstrom introduced Amy Hovey from Genesee County Land Bank and Jim Linton from AKT Peerless. Ms. Hovey described the project.

The Berridge Place project is being undertaken by the Genesee County Land Bank Authority and will convert the 24,000 square foot Berridge Hotel property into an eighteen unit commercial/condominium mixed-use project. Sixteen of the units will be designated as condominiums with the remaining two units designated as commercial. This project will also include converting the 4,400 square foot Tinlin Building, currently vacant, into a four-unit condominium project. In addition, a third 4,000 square foot, currently vacant commercial warehouse building will be developed into a gallery and artist workspace.

The site is located in downtown Flint along the Third Avenue Corridor in the Carriage Town Neighborhood. This neighborhood has been targeted by the City, the CS Mott Foundation, Genesee County Land Bank Authority and Kettering University for revitalization activities and has been designated as a 2006 Cool Cities Neighborhoods in Progress project.

The property is under the control of the Genesee County Land Bank Authority and is therefore deemed blighted. The property is the subject of a brownfield plan, duly approved by the City of Flint on June 12, 2006. Brownfield Work Plan approvals are based on several criteria outlined in the statute. These criteria have been met.

The commercial component of the project will create 10 jobs. The unadjusted unemployment rate for the City of Flint was 17.4% in July 2006. This compares to the statewide seasonally adjusted average of 7% in July 2006.

The developer will be seeking a small SBT credit in the amount of \$436,208 for this project. In addition, the City of Flint Brownfield Redevelopment Authority will be requesting \$43,250 in TIF reimbursement from the DEQ for eligible environmental activities.

There are 53.1859 mills available for capture, with school millage equaling 24 mills (45%) and local millage equaling 29.1859 mills (55%). There will be no capture for the first three years and limited capture until 2013 due to the property being located within a Renaissance Zone. The recommended tax capture breaks down as follows:

School tax capture (45%)	\$ 136,832
Local tax capture (55%)	+ 167,238
TOTAL	\$ 304,070

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 100,100
Infrastructure Improvements	117,700
Site Preparation	+ 44,000
Sub-Total	\$ 261,800
Work Plan Preparation and Review	3,000
Contingency (15%)	+ 39,270
TOTAL	\$ 304,070

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$304,070 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$136,832.

Board Discussion

Scott Schrager gave the Executive Committee report. The Executive Committee has recommended approval of the request for tax capture, especially since the Genesee County Land Bank is involved with the project.

Hearing no further discussion, a motion was made and supported and Resolution 2006-86, authorizing the capture of school operating taxes for the City of Flint Brownfield Redevelopment Authority for the Berridge Place project, was adopted.

ACTION ITEM

*City of Lansing Brownfield Redevelopment Authority
316 North Capital Avenue, Suite C-3
Lansing, Michigan 48933*

Heather Shawa, Chief Financial Officer of Demmer Corporation, was introduced, along with Bob Trezise and Kara Wood from the Lansing Economic Development Corporation. Mr. Trezise discussed the project and on behalf of the City of Lansing, was very supportive. Demmer Properties, LLC will invest approximately \$12 million in rehabilitation and expansion of manufacturing and logistical operations at the project site. The project will include upgrades to their 1600 North Larch and 736 McKinley buildings in Lansing, consisting of private infrastructure upgrades, site preparation, demolition, lead and asbestos abatement and other necessary improvements to accommodate new and existing tenants.

The 1600 North Larch project consists of approximately 32.7 acres containing multiple buildings totaling approximately 582,810 square feet. Demmer Properties, LLC will invest an estimated \$8,570,000 in improvements and clean-up activities on this site. Demmer Properties, LLC will lease space to Demmer Corporation, who will install machinery and bring in employees to manufacture products. Additional space will be leased to Comprehensive Logistics and other tenants. Demmer will produce armored doors for the military version of the Humvee. There will be an estimated 213 new jobs created as a result of this project, and a possible 87 new jobs resulting from other tenants occupying the space. Salaries could average \$30,160/year.

The project is located within the boundaries of the City of Lansing, a qualified local governmental unit, and has been deemed a facility. The property is the subject of a Brownfield plan approved by the Lansing City Council on July 31, 2006.

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

The City of Lansing's unadjusted unemployment rate was 8.6% in August 2006. This compares to the statewide seasonally adjusted average of 7.1% in August 2006.

The developer submitted two SBT Brownfield Credit requests in the amounts of \$667,000 for the 1600 North Larch, and \$360,000 for the 736 McKinley site. The developer is also seeking Local Tax Capture for environmental due care activities in the amount of \$1.2 million.

There are 59.5388 mills available for capture, with school millage equaling 23.9262 mills (40%) and local millage equaling 35.6126 mills (60%). The recommended tax capture breaks down as follows:

School tax capture (40%)	\$ 367,800
Local tax capture (60%)	+ 551,700
TOTAL	\$ 919,500

COST OF MEGA ELIGIBLE ACTIVITIES:

1600 N. Larch and 736 McKinley site	
Demolition	\$ 600,000
Lead or Asbestos Abatement	225,000
Site Preparation	+ 90,000
Sub-Total	\$ 915,000
Work Plan Preparation and Review	+ 4,500
TOTAL	\$ 919,500

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$919,500, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$367,800.

Board Discussion

Scott Schrager gave the Executive Committee report. The Executive Committee has recommended approval of the request for tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-87, authorizing the capture of school operating taxes for the City of Lansing Brownfield Redevelopment Authority for the Former Motor Wheel Plant site (Demmer Corporation), was adopted.

Surrogate Board Member Jackie Shinn excused herself from the meeting at this point to keep a previous commitment.

ACTION ITEM

*Berrien County Brownfield Redevelopment Authority
Benton Harbor and Benton Charter Township, Michigan*

The Berrien County Brownfield Redevelopment Authority has submitted a Work Plan amendment request for the approval of \$95,330,623 in local and school tax capture. The original Work Plan was approved at the October 18, 2005 MEGA Board meeting. The initial Work Plan approval included only the initial phases of redevelopment for the site. Since that time, additional phases of this project have been clarified and a substantial amount of additional property is being added to the Work Plan, as well as a significant increase in eligible activities. It is anticipated that at least one more Work Plan amendment will be requested before the project is complete. Peter Anastor

introduced Mark Mitchell from Harbor Shores, and John Byl with Warner, Norcross & Judd. Mr. Mitchell presented the revised project to the board. The request for amendment is made due in part to increased interest expenses and increases in infrastructure expenses.

<u>COST OF MEGA ELIGIBLE ACTIVITIES:</u>	<u>Revised</u>	<u>Original</u>
Demolition	\$ 1,787,500	\$ 200,000
Infrastructure Improvements	\$ 26,432,575	\$ 2,575,000
Site Preparation	\$ 19,781,055	\$ 4,680,000
Sub-Total	\$ 48,001,130	\$ 7,455,000
Work Plan Preparation and Review	\$ 6,000	\$ 5,250
Interest (6%)	\$ 40,123,323	\$ 3,896,306
Contingency (15%)	\$ 7,200,170	\$ 1,118,295
TOTAL	\$ 95,330,623	\$ 12,475,151

The Whirlpool Corporation, in partnership with the City of Benton Harbor, the City of St. Joseph, Benton Charter Township and Cornerstone Alliance, is working with developers on a major redevelopment project including approximately 100 parcels on an estimated 530 acres. The property will be redeveloped into a completely new use which will include a combination of residential development, hotels, a water park, retail uses, senior housing, golf course and other commercial uses. At the end of the project, the site will include multiple low-rise residential buildings, single family homes, town homes and condominiums providing approximately 920 dwelling units, including 80 senior housing units. Approximately 400,000 square feet of commercial/retail space will also be constructed, including a 320 room, 280,000 square foot hotel, a 60,000 square foot indoor water park, a 20,000 square foot conference center and 40,000 square foot retail/restaurant space. In addition, the project will include marinas with access via the St. Joseph and Paw Paw rivers to Lake Michigan, and an 18-hole Jack Nicklaus signature golf course.

The project is located within the boundaries of the City of Benton Harbor and Benton Charter Township, both qualified local governmental units and the properties are deemed facilities. The property is the subject of a brownfield plan, duly approved by Berrien County on September 14, 2006, and concurred with by the City of Benton Harbor on September 25, 2006 and by Benton Charter Township on October 10, 2006.

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

This is a speculative project, however, according to the Work Plan it is anticipated that 2,000 permanent jobs will be created when the project is complete. The Berrien County unadjusted unemployment rate was 7% in August, 2006. This compares to the statewide unadjusted average of 6.7% in August, 2006.

It is anticipated that various developers will seek Brownfield SBT tax credits for specific development elements of the project. The first of these credits is expected to be submitted to the MEGA Board before the end of this year.

For City of Benton Harbor properties there are 64.7757 mills available for capture, with school millage equaling 23.9676 (37%) and local millage equaling 40.8081 mills (63%). For properties in Benton Charter Township, there are 48.3226 mills available for capture, with school millage equaling 23.9676 (50%) and local millage equaling 24.3550 (50%). The recommended tax capture breaks down as follows:

School tax capture (38%)	\$36,225,636
Local tax capture (62%)	<u>+59,104,987</u>
TOTAL	\$95,330,623

Recommendation

The brownfield redevelopment staff recommends approval of local and school tax capture for the amended eligible activities totaling \$95,330,623 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$36,225,636.

Board Discussion

Scott Schragger gave the Executive Committee report. The Committee recommended approval. Mr. Schragger said that this request for amendment was not unanticipated.

Hearing no further discussion, a motion was made and supported and Resolution 2006-88, authorizing the additional capture of taxes levied for school operating purposes for the Berrien County Brownfield Redevelopment Authority for the Harbor Shores Project, was adopted.

ACTION ITEM

*Whirlpool Technologies
2000 Highway M-63
Benton Harbor, Michigan 49022*

Earlier this year, the MEGA awarded a tax credit to Whirlpool Technologies, LLC to relocate jobs from another state to existing multiple locations in Berrien County. The company and the MEGA entered into a Tax Credit Agreement on June 10, 2006, that described the Project and set forth the terms of the tax credit. Tiffany Bloom explained the company's need to transfer the tax credit.

The company moved jobs from Iowa to Michigan and created new positions as anticipated. At the time the credit was approved, the company thought the transferred jobs and the new positions would become employees of Whirlpool Technologies, LLC.

However, the company converted from using PeopleSoft to SAP business software. This ongoing conversion of software and the administrative requirements of SAP required that new positions and the job relocations from Iowa be placed in other Whirlpool entities that were appropriately related cost centers, instead of in Whirlpool Technologies, LLC.

Whirlpool Technologies, LLC has requested that the MEGA tax credit be transferred to Whirlpool Corporation. Upon transfer of the tax credit, Whirlpool Technologies, LLC, Whirlpool Properties, Inc., and Whirlpool Patents Company will be subsidiary businesses of Whirlpool Corporation, an eligible business, and will be allowed to create qualified new jobs at the project under the MEGA Act.

Recommendation

Staff recommends that the MEGA agree to the transfer of the Whirlpool Technologies, LLC tax credit to Whirlpool Corporation effective as of June 10, 2006. Because all of the jobs of Whirlpool Corporation; Whirlpool Technologies, LLC, Whirlpool Properties, Inc., and Whirlpool Patents Company, were held in the base employment level when the project was approved on May 16, 2006, no adjustment to the base employment level is required in connection with the transfer.

Board Discussion

Scott Schrage gave the Executive Committee report and recommended approval of the requested amendment.

Hearing no further discussion, a motion was made and supported and Resolution 2006-89, allowing transfer of tax credit to Whirlpool Corporation, was adopted.

ACTION ITEM

*Whirlpool Technologies, LLC
2000 Highway M-63
Benton Harbor, Michigan 49022*

Tiffany Bloom explained the company's request for amendment. The MEGA awarded two High Tech tax credits to Whirlpool Technologies, LLC to relocate jobs from Ohio and Indiana to existing facilities in Benton Township and St. Joseph, Berrien County. The company and the MEGA entered into two Tax Credit Agreements on May 15, 2001, that described the Projects and set forth the terms of the tax credits.

The company has moved jobs from Ohio and Indiana to Michigan and created new positions at the projects. However, the company filled new jobs at the projects under the Whirlpool Corporation legal entity (EIN) in addition to the Whirlpool Technologies, LLC EIN.

Whirlpool Technologies, LLC has requested that its MEGA Tax Credit Agreements be amended to include Whirlpool Corporation as an associated business in order to count the new jobs at the project that were created under the Whirlpool Corporation EIN. PA 248 of 2003, effective December 29, 2003, amended the MEGA Act so that an eligible business is not required to create qualified new jobs if qualified new jobs are created by an associated or affiliated business. The company has provided information to support this case.

Staff recommends that the MEGA agree to amend the Whirlpool Technologies, LLC Tax Credit Agreements to include Whirlpool Corporation as an associated business effective as of January 1, 2004.

Board Discussion

Scott Schrage gave the Executive Committee report and recommended approval of the requested amendment.

Hearing no further discussion, a motion was made and supported and Resolution 2006-90, including Whirlpool Corporation as an associated business to the Benton Township Tax Credit Agreement, was adopted.

A motion was then made and supported to include Whirlpool Corporation as an associated business to the St. Joseph Tax Credit Agreement. The motion carried and Resolution 2006-91 was adopted.

ACTION ITEM

Authorize September MEGA Projects

Karen Ammarman discussed the fact that since August, staff has been considering how to handle the repeal of the Single Business Tax (SBT), scheduled for December 31, 2007, and its impact on the Board's ability to approve tax credits. As a result of this repeal, when the MEGA Board convened in September, the MEGA did not actually approve any credits, but rather resolved to "look favorably" upon awarding credits in the future, should the Board have that opportunity.

As the result of further conversations with the Attorney General's office, staff has developed a solution that will allow the MEGA process to go ahead, but still recognize the repeal of the SBT.

Projects that anticipate collecting the credit for tax years ending before December 31, 2007, will continue to be handled as they have been in the past.

Those companies that do not anticipate collecting the credit until after December 31, 2007, will still be awarded credits. While staff appreciates that some companies do not believe they can make that deadline, and have requested a credit that begins with tax

years starting after December 31, 2007, MEGA can only approve credits that begin with tax years ending before December 31, 2007. Authorized businesses may be allowed to request amendments to their MEGA Agreements in the future, should the MEGA have the authority to approve such amendments.

Several of the resolutions in this month's packet, and those to be included in future packets, have additional language in the "WHEREAS" sections. The new language says, basically, that the SBT is being repealed, the MEGA has no authority to award tax credits against any other or future tax, the credits approved may have no monetary value to the company, and that the company has no recourse should the credit prove to be worthless.

This new language will also be added to the standard credit agreement executed between the company and the MEGA. Discussion

Motions were made, supported and carried to adopt four resolutions, authorizing a high tech MEGA credit for Grid4 Communications, Inc. (Resolution 2006-92), a standard MEGA tax credit for Hi-Lex Controls, Inc. (Resolution 2006-93), a standard tax credit with look-back provision for Siemens Water Technologies Corp. (Resolution 2006-94), and a standard tax credit for The Tech Group Grand Rapids, Inc. (Resolution 2006-95).

The meeting was adjourned at 10:55 a.m.

The next board meeting is scheduled to take place on November 14, 2006.



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

Robert J. Kleine
State Treasurer

JENNIFER M. GRANHOLM
GOVERNOR

April 12, 2006

Michigan Economic Growth Authority
300 North Washington Square
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Scott Schrage, Special Assistant to State Treasurer to represent me at meetings of the Michigan Economic Growth Authority Boards, which I am unable to attend.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Kleine".

Robert J. Kleine
State Treasurer

C: Scott Schrage



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

March 10, 2006

Ms. Karen Ammarman
Michigan Economic Growth Authority Board
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913

Dear Ms. Ammarman:

As of March 3, 2006, I am appointing Jacqueline G. Shinn, Acting Chief Deputy Director, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In the case when Ms. Shinn is unable to attend a particular board meeting due to scheduling conflicts. I am appointing Michael Kapp, Acting Administrator, Transportation Economic Development and Enhancement, as my alternate representative to attend and act on my behalf.

If you have any question regarding these appointments, please call me at 373-0718.

Sincerely,

Kirk T. Steudle, P.E.
Director