

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on November 15, 2005, at 10:00 a.m.

Members Present

Cullen DuBose

James Epolito

Bo Garcia

David Hollister

Andrew Lockwood (acting for and on behalf of Jay rising, authorization attached)

Sande MacLeod

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

Others Present

Craig Adams, Grand Landing LLC

Karen Ammarman, MEDC

Peter Anastor, MEDC

Leah Ballenger, MEDC

Kathy Blake, Sr. Vice President, MEDC

Toni Brownfield, MEDC

John Byl, Warner, Norcross & Judd, LLP

Todd Carlson, Cadillac Castings

JoAnn Crary, Saginaw Future Inc.

Sam Cummings, Second Story Properties

Jean Derenzy, Grand Traverse County BRA

Tracy Freeman, MEDC

Pat Greve, AKT Peerless

H. Sean Hilbert, Cobra Motorcycle Mfg.

Carol Knobloch Johns, MEDC

Penny Launstein, MEDC

Thom Lipari, Lipari Foods

Jim McBryde, MEDC

Pat McGinnis, City Manager, City of Grand Haven

Dan Minor, CEO, Cadillac Casting, Inc.

Joe Moch, Jr., Moch International

Mark Morante, MEDC

Lisa Niscoromni, Redevelopment and Restoration Consultants LLC

Susan Novakoski, MEDC

Don Pfuehler, Hemlock Semiconductor

Mike Pohnl, MEDC

Matthew Rick, Attorney General's Office

Susan Scott, Hemlock Semiconductor

Susan Shannon, City of Grand Rapids BRA

Peter Stalker, City Manager, City of Cadillac

Peter Strom, Grand Traverse County Board of Commissioners
Michael Uzelac, Federated Properties
Vern Taylor, MEDC
Tim Vagle, City of Hillsdale
Kara Wood, MSHDA

Call to Order

David Hollister called the meeting to order at 10:05 a.m.

Approval of Minutes from October 18, 2005

After review, a motion was made, supported and carried that board meeting minutes from the October 18, 2005 meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Cadillac Casting, Inc.
1500 Fourth Avenue
Cadillac, Michigan 49601*

Cadillac Casting, Inc. is a new company that was formed specifically to purchase the existing ductile iron foundry in Cadillac from Hayes Lemmerz International, Inc. The foundry has been in operations in Cadillac since 1921 and supplies ductile iron cast moldings primarily to the auto industry. Hayes Lemmerz purchased the operation in 1999. Cadillac Casting currently has no employees. Peter Anastor introduced Dan Minor and Todd Carlson with Cadillac Casting, Inc., and Peter Stalker from the City of Cadillac.

Cadillac Casting, Inc. is proposing to purchase the existing Hayes Lemmerz foundry in Cadillac. The purchase would allow Cadillac Casting to continue foundry operations at the site, leading to the retention of 375 existing full-time and 40 temporary positions at the facility. Average wages for the retained workers will be \$578 per week.

There would be minimal new capital investment for the project during the initial stage of redevelopment, however the company anticipates making future investments in the facility, in excess of \$2 million a year, once new contracts are awarded.

It is estimated that this facility will retain a total of 713 jobs in the state by the year 2012. We also estimate that the project would maintain total state government revenues through the year 2012, of \$16.6 million due to the retention of this facility.

Hayes Lemmerz announced this past summer that it intended to close this facility. The company had made formal arrangements to close the facility and move 100% of the work to locations outside of Michigan, with a majority of the work going to a foundry in Indiana and approximately 15% of the business going to China and Korea. A cost comparison between the locations in Indiana and Michigan indicated that wages were approximately 15% lower in Indiana, and electrical costs are estimated to be 70% lower, as the facility in Indiana has city-provided power.

The City of Cadillac is willing to consider property tax abatement for future investment at the site, consistent with its policy to support such investment. However, there are currently no immediate purchases planned for this project, therefore no property tax abatements can be considered at this time. The City of Cadillac also partnered with the former owner of the facility to provide an alternative site for dumping their casting sand, which resulted in a savings of hundreds of thousands of dollars in landfill fees.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 375 retained employees.

Board Discussion

Bo Garcia gave the report from the Executive Committee. The Executive Committee recommended support of the requested MEGA tax credit.

Matthew Rick lead a brief discussion with regard to changes in the law governing rural tax credits through the MEGA. Hearing no further discussion, a motion was made and supported, and Resolution 2005-82, authorizing a rural MEGA tax credit for Cadillac Casting, Inc., was adopted.

ACTION ITEM

Cobra Sport, Inc
3029 Prospect Avenue
Cleveland, Ohio 44115

Mark Morante introduced Sean Hilbert from Cobra Motorcycle and Tim Vagle with the City of Hillsdale. Mr. Hilbert discussed the project. Cobra Sport was formed as a holding company in November of 2003, when the owners of Rev! Motorcycles and another investor purchased Cobra Motorcycle Manufacturing. Cobra Motorcycles produces premium race-ready mini motocross bikes for youth riders, and is the only producer of off-road motorcycles that are truly 'Made in the U.S.A.'.

Cobra Sport is considering a move of its existing production facility from North Lima, Ohio to the City of Hillsdale, Michigan. The new facility will house all manufacturing, assembly and service, and managerial, sales and engineering operations.

The company will invest \$1.5 million to lease an existing building and move equipment from its North Lima facility. The company hopes to create at least 70 jobs within five years. The average weekly wage will be \$479.

It is estimated that this facility will generate a total of 132 jobs in the state by the year 2013, with total state government revenues through the year 2013, anticipated to increase by \$2.07 million due to the presence of this facility.

The company is also considering staying at its current site in North Lima, Ohio. The current facility is adequate for expansion and would fit their needs for the foreseeable future.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the 70 new hires, or up to \$35,000.

The City of Hillsdale has proposed up to twelve years of tax abatement through P.A. 198 for personal property moved to the site from the Ohio operation. This abatement has an estimated value of \$20,000. Mr. Vagle expressed the City of Hillsdale's support of this project.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent rural employment tax credit for seven years, for up to 70 net new employees.

Board Discussion

Bo Garcia gave the report from the Executive Committee. The Executive Committee recommended support of the MEGA tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-83, authorizing a rural MEGA tax credit for Cobra Sport, Inc. was adopted.

ACTION ITEM

*Hemlock Semiconductor Corporation
12334 Geddes Road
Hemlock, Michigan 48626*

Mark Morante introduced Don Pfuehler and Susan Scott with Hemlock Semiconductor Corporation. Mr. Pfuehler presented the project to the board. Hemlock Semiconductor Corporation (HSC) was formed as a wholly-owned subsidiary of Dow Corning Corporation in 1979, and in 1984 added partners to form a joint venture between Dow Corning Corporation and two of Japan's largest single-crystal wafer manufacturers: Shin-Etsu Handotai Company, Ltd. and Mitsubishi Materials Corporation. HSC is the

leading U.S. supplier of polycrystalline silicon to the semiconductor industry. The company currently has 345 employees in Michigan. In November 2004, Hemlock Semiconductor received a 100 percent high-technology employment tax credit for 10 years, for up to 60 net new employees.

The company is considering an expansion of their existing polycrystalline silicon manufacturing facility in Thomas Township. The silicon produced will be used as a component of photovoltaic cells used to produce solar energy. The company anticipates a multiple phase expansion with initial capital investment of \$218 million to build and equip new manufacturing buildings. The second phase, which has not yet been authorized and will be dependent on where the first phase is located, will represent an investment of \$109 million. The company expects to create a total of 150 jobs paying an average weekly wage of \$889.

It is estimated that this facility will create a total of 463 jobs in the state by the year 2022. We also estimate that the project would create total state government revenues through the year 2022, of \$39.1 million due to the location of this facility.

The company has also considered locating the expansion in Carrolton, Kentucky. The manufacture of silicon consumes large amounts of electric power and water, and the company estimates that Michigan's high utility costs will add up to \$10.8 million in operating costs each year. Because the raw materials have to be transported by truck from Midland to the Saginaw location, there will be over \$700,000 of transportation costs per year. Infrastructure will also need to be improved at the Michigan site, and that will add approximately \$5 million during the first year of construction. Because HSC would have to build a new plant in Kentucky, it will cost \$22 million less to equip the plant in Michigan.

Thomas Township and the City of Saginaw have entered into a PA 425 interlocal agreement which allows the City of Saginaw to offer 100 percent abatement of the company's taxes on personal property for 30 years. JoAnn Crary from Saginaw Future Inc. was present to explain this local support and to convey the community's enthusiasm for this project. The personal property tax abatement was approved on June 27, 2005. It is estimated that this incentive will be worth up to \$52 million over the life of the abatement.

Thomas Township has proposed 50 percent abatement of the company's taxes on new real property for 12 years. The estimated value for this property tax abatement is \$7.9 million. The state will also abate 100 percent of the State Education Tax (SET) mills for the length of the real property tax abatement. The value of the SET abatement is worth up to of \$2.4 million if the community approves a 12-year local abatement

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 15 years, for up to 150 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee has reviewed the company's request for a high-tech MEGA tax credit, and recommends approval.

Jackie Shinn asked what type of infrastructure improvements would be undertaken to support the project. JoAnn Cray responded, and explained that the improvements would primarily involve the water and sewer systems.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-84, authorizing a high-tech tax credit for Hemlock Semiconductor Corporation, was adopted.

ACTION ITEM

*VJL Real Estate, LLC
14253 Frazho
Warren, Michigan 48089*

Thomas Lipari introduced himself to the board and presented this project, which will lead to the redevelopment of a contaminated 12.5 acre parcel in Warren and will include a new 246,000 square foot refrigerator/freezer warehouse for Lipari Foods. The underutilized and contaminated site currently has one 15,000 square foot building, which will be demolished for this project. Once constructed, Lipari Foods will move their current warehouse operations from an adjacent site. The new \$18 million state of the art 246,000 square foot warehouse will lead to the retention of 200 jobs in Warren and the creation of 50 to 75 additional jobs over the next two to three years. It is estimated that the project will generate a taxable value 10 times the current taxable value.

The project will require an \$18 million investment and should be completed in the spring, 2007. VJL Real Estate, LLC will undertake eligible investments of \$13 million for new construction.

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

At the time of application, the City of Warren had an 8.4 percent unemployment rate, compared to a Detroit-Warren-Livonia MSA rate of 7.4 percent.

The property is a facility according to Part 201 of the Natural Resources and Environmental Protection Act. All environmental cleanup activities will be completed according to a Due Care Plan. It is estimated that the company will spend \$50,000 on Due Care Plan activities.

The City of Warren approved a Local TIF, which will reimburse the company up to \$250,000 for eligible activities incurred at this site, including demolition, lead and asbestos abatement and site preparation activities.

The property is contaminated and qualifies as a facility. It is located within the boundaries of the City of Warren, a qualified local governmental unit and is the subject of a brownfield plan approved by the City of Warren City Council on August 23, 2005.

Recommendation

The MEDC recommends approval of a Brownfield Redevelopment tax credit of 10% of the eligible investment not to exceed a \$1,300,000 credit

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee reviewed the company's request for a single business tax credit for eligible Brownfield redevelopment, and recommended approval.

Hearing no further discussion, a motion was made and supported and Resolution 2005-86, authorizing a brownfield redevelopment tax credit for VJL Real Estate, LLC, was adopted.

ACTION ITEM

*33 Library, LLC
15 Ionia SW, Suite 630
Grand Rapids, Michigan 49503*

Vern introduced Sam Cummings, the developer for the 33 Library redevelopment project, and John Byl with Warner, Norcross & Judd. Mr. Cummings presented the project to the board. The 33 Library, LLC, will completely renovate and restore a functionally obsolete building in downtown Grand Rapids. The building is the former YMCA building, which is 89 years old. It is located in the cultural area of downtown Grand Rapids facing south on Library Street. It faces Veterans Memorial Park and the Grand Rapids Civic Theatre. The renovation of this building will provide residential housing including onsite parking, outdoor garden, fitness area and pool for residents. The project will require interior demolition activities, asbestos and lead paint abatement and considerable infrastructure improvements.

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

The City of Grand Rapids' unadjusted unemployment rate was 7.6% in August, 2005. This compares to the statewide seasonally adjusted average of 6.4% in September, 2005.

The project is using local and state tax increment financing (TIF) as well as a Brownfield Single Business Tax Credit.

The eligible investments to be undertaken by 33 Library LLC include restoration, alteration, renovation and improvement of buildings. These investments total \$13 million.

There are 44.56 mills available for capture, with school millage equaling 24 mills (54%) and local millage equaling 20.56 mills (46%). The recommended tax capture breaks down as follows:

Local tax capture	\$348,220 (46%)
School tax capture	<u>\$408,780 (54%)</u>
	\$757,000

Project Costs:

Public Infrastructure	\$ 125,000
Demolition	\$ 400,000
Asbestos Abatement	\$ 75,000
Work Plan Preparation	\$ 8,500
MEGA Review Cost	\$ 1,000
Contingency (15%)	<u>\$ 97,500</u>
Total	\$ 757,000

The property was previously used for residential, commercial or industrial purposes and has been deemed functionally obsolete by the City of Grand Rapids. The project is the subject of a brownfield plan approved by the City of Grand Rapids on September 20, 2005.

Recommendation

The Michigan Economic Development Corporation recommends approval of a Brownfield Redevelopment Single Business Tax credit not to exceed \$1,300,000 based on eligible activities totaling \$13 million, and approval of the school tax capture not to exceed \$408,780, based on eligible activities totaling \$757,000, described above.

Board Discussion

Bo Garcia gave the Executive Committee report. The Committee has recommended support of the requested single business tax credit for brownfield redevelopment, as well as the work plan and school tax capture for this project.

Hearing no further discussion, a motion was made and supported, and Resolutions 2005-87 and 2005-88, authorizing the approval of a brownfield single business tax credit and the approval of school tax capture for the City of Grand Rapids Brownfield Redevelopment Authority for the 33 Library redevelopment project, were adopted.

ACTION ITEM

*Boulder Development
City of Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226*

The Historic Brush Park neighborhood is located east of Woodward Avenue and north of downtown. This project is located on the corner of John R and Canfield in northern Historic Brush Park. Lisa Niscoromni was introduced. She represented the developer and explained the project. The project consists of four parcels; three buildings and a vacant parcel across the street. One building, the former Melrose Hotel, will be completely rehabilitated and turned into 30 owner-occupied condominiums. The building adjacent to the former Melrose Hotel was previously used as a car wash. This building will also be rehabilitated and will be heated parking for the residences. The third building will be transformed into a commercial strip, housing a coffee shop, a florist, and a boutique office, and will create 20 jobs. The fourth parcel is currently vacant and the developer is undecided on its end use. Concepts of constructing rental apartments, mini-storage, or supplemental parking have been considered.

Portions of the Historic Brush Park neighborhood have been the sites of recent projects such as the Crosswinds development along the Woodward corridor, and many smaller residential rehabilitation projects.

The State of Michigan granted Boulder Development an SBT credit on October 26, 2005 for \$730,000.

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

The seasonally adjusted unemployment rate for the State of Michigan for September 2005 was 6.4%; the non-adjusted unemployment rates for the City of Detroit in September 2005 were 12.7%, and for Wayne County - 7.8%.

The developer has successfully developed other commercial/residential projects in the City of Detroit and has illustrated an ability and capability to undertake this project.

The developer will apply for an OPRA and an NEZ for this building.

It is anticipated that the project will result in increased investment and development in the areas adjacent to the site, which is an historical area in Detroit.

Tax Capture Breakdown

Commercial Portion, 31.19% of total project:

School tax capture	\$ 133,316	37.16%
Local tax capture	<u>\$ 225,447</u>	62.84%
	\$ 358,763	

Residential Portion, 67.79% of the project:

School tax capture	\$ 100,432	12.88%
Local tax capture	<u>\$ 679,322</u>	87.12%
	\$ 779,754	

Vacant Lots Portion, 1.02% of the project:

School tax capture	\$ 4,360	37.16%
Local tax capture	<u>\$ 7,373</u>	62.84%
	\$11,733	

All portions together will result in the tax capture of:

School tax capture	\$ 238,108	20.7%
Local tax capture	<u>\$ 912,142</u>	79.3%
	\$ 1,150,250	

PROJECT COSTS

Work Plan Prep & Review	\$ 6,000
Demolition	\$ 480,000
Lead/Asbestos Abatement	\$ 20,000
Site Preparation	\$ 395,000
Infrastructure Improvements	\$ 100,000
15% Contingency	<u>\$ 149,250</u>
Total	\$ 1,150,250

The project is the subject of a brownfield plan duly approved by the Detroit City Council on July 28, 2005.

Recommendation

The Michigan Economic Development Corporation recommends approval of school tax capture not to exceed \$238,108 based on eligible activities totaling \$1,150,250 as described above.

Board Discussion

The report of the Executive Committee was given by Bo Garcia. Mr. Garcia expressed the Committee's recommendation for approval of this work plan and tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2005-89, authorizing the capture of school operating taxes for the City of Detroit for the Boulder Development redevelopment project, was adopted.

ACTION ITEM

*Eddystone Hotel
City of Detroit Brownfield Redevelopment Authority
500 Griswold, Suite 2200
Detroit, Michigan 48226*

Lisa Niscoromni with Redevelopment and Restoration Consultants, LLC, presented this project to the board. The project is the rehabilitation of the historic Eddystone Hotel, into 60 residential units and two street-level commercial spaces. When completed, the commercial spaces of the renovated building will open onto Park Avenue, north of I-75, and will promote pedestrian traffic into the Midtown area of Detroit.

A majority of the residential units will be owner-occupied, and the remaining will most likely be leased by the owner/developer of the structure. Significant interior alterations will be made in order to accommodate current building codes and market demand for larger units than the original floor plan allows. New utilities will be installed along with significant aesthetic improvements. The exterior of the building will be restored in order to preserve the historic character of the building. The project also includes improvements to supporting infrastructure, parking facilities, and other amenities on surrounding parcels. Eddystone Development, LLC has received an SBT Brownfield Redevelopment Credit to complete the project. The work plan request for the project is to capture school taxes to reimburse the cost of demolition, site preparation and public infrastructure improvements that are necessary to prepare for the renovation of the building.

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

The property to be redeveloped is located just outside of downtown Detroit and is a crucial component connecting Midtown's revitalization with that occurring in the downtown area. After the abatement and recapture period, the project will also generate significant tax revenues for the City.

The rehabilitation of the Eddystone Hotel will result in a residential structure with supporting commercial/retail services creating approximately 20 full-time and part-time jobs.

The seasonally adjusted unemployment rate for the State of Michigan for September 2005 was 6.4%; the non-adjusted unemployment rate for the City of Detroit in September 2005 was 12.7%. The rate for Wayne County was 7.8% for the same period.

The developer anticipates investing approximately \$6,416,030. The developer will apply for an OPRA and an NEZ for this building.

It is anticipated that the project will result in increased investment and development in the areas adjacent to the site, which are ripe for revitalization.

TAX CAPTURE BREAKDOWN

Residential Portion 94% of capture:

School tax capture	\$ 114,837	12.88%
Local tax capture	<u>\$ 776,753</u>	87.12%
	\$ 891,590	

Total mills available for capture for the residential portion of the project are 46.578 mills, 40.578 mills are local and 6 mills are school taxes.

Commercial Portion 6% of Capture:

School tax capture	\$ 21,148	37.16%
Local tax capture	<u>\$ 35,762</u>	62.84%
	\$ 56,910	

Total mills available for capture for the commercial portion of the project are 64.578 mills, 40.578 mills are local and 24 mills are school taxes.

All portions together will result in the tax capture of:

School tax capture	\$ 135,985	14.34%
Local tax capture	<u>\$ 812,515</u>	85.66%
Total	\$ 948,500	

Project Costs

Demolition	\$ 500,000
Lead/Asbestos Abatement	\$ 50,000
Site Preparation	\$ 200,000
Infrastructure Improvements	\$ 75,000
15% Contingency	<u>\$ 123,750</u>
Total	\$ 948,500

The project is the subject of a brownfield plan, duly approved on March 22, 2005, by the Detroit City Council.

Recommendation

The Michigan Economic Development Corporation recommends approval of school tax capture not to exceed \$135,985 based on eligible activities totaling \$948,500 as described above.

Board Discussion

Bo Garcia gave the Executive Committee report. The Committee has recommended support of the work plan and school tax capture for this project.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-90, authorizing the approval of school tax capture for the City of Detroit Brownfield Redevelopment Authority for the Eddystone Hotel redevelopment project, was adopted.

ACTION ITEM

*Icon on Bond
City of Grand Rapids Brownfield Redevelopment Authority
300 Monroe NW
Grand Rapids, Michigan 49503*

The City of Grand Rapids Brownfield Redevelopment Authority is seeking approval of local tax capture to redevelop contaminated property in Grand Rapids. Vern Taylor introduced the developer, Joe Moch, with Moch International. Susan Shannon was also on hand to answer questions and lend support to the presentation. The property is located in the Grand Rapids SmartZone and was formerly operated as a foundry, and for other industrial purposes. The developer has acquired title to the property and has demolished two existing structures. The project will involve the construction of two nine-story residential buildings, each with two levels of parking and eight stories of residential units along with public infrastructure improvements. One building will be 118 condos and the other, 118 apartments. The condos will sell for \$200,000 - \$500,000 and the apartments are expected to rent for \$1200 - \$2000 per month.

The work plan request consists of \$813,000 for site preparation activities necessary to ready the site for the construction of two nine-story buildings plus interest expense amounting to \$386,284.

The redevelopment project is being undertaken by Icon on Bond, LLC, a private developer interested in revitalizing the urban core of Grand Rapids.

Work plan reviews are based on several criteria outlined in the statute. These criteria have been met.

The City of Grand Rapids' unadjusted unemployment rate was 7.6% in August, 2005. This compares to the statewide seasonally adjusted average of 6.4% in September, 2005.

The developer is seeking DEQ approval of a TIF for \$320,000 for the removal of contaminated soil. The project is also located in a SmartZone, which will capture 50% of school taxes and 100% of local taxes. Therefore 11.9129 mills of school taxes are available for capture under a brownfield TIF. The SmartZone will reimburse the developer for project related infrastructure improvements totaling \$1,752,725.

The tax capture breaks down as follows:

School tax capture	\$1,488,745
Local tax capture	\$ 0
	<u>\$1,488,745</u>

Project Costs

Site Preparation	\$ 813,000
Work Plan Preparation	\$ 8,500
MEGA Review Cost	\$ 1,000
Contingency (15%)	\$ 386,284
Interest Expense	\$ 279,961
Total	<u>\$1,488,745</u>

The property was previously used for commercial or residential purposes, is a facility and is located within the boundaries of the City of Grand Rapids, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved by the City of Grand Rapids on September 20, 2005.

Recommendation

The Michigan Economic Development Corporation recommends approval to capture school taxes not to exceed \$1,488,745 based on eligible activities totaling \$1,488,745 as described above.

Board Discussion

Bo Garcia gave the Executive Committee report. The Committee has recommended support of the work plan and school tax capture for this project.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-91, authorizing the approval of school tax capture for the City of Grand Rapids Brownfield Redevelopment Authority for the Icon on Bond redevelopment project, was adopted.

ACTION ITEM

*Grand Landing Redevelopment Project
Grand Haven Brownfield Redevelopment Authority (BRA)
519 Washington Street
Grand Haven, Michigan 49417*

The City of Grand Haven’s work plan request was approved by the MEGA board at the June 15, 2004 board meeting. Vern Taylor introduced Pat McGinnis, Grand Haven’s City Manager, and explained the request for amendment. The Work Plan as originally approved, consisted of rough cost estimates, and the project at that time was considered speculative. Since the initial approval, a developer and a construction company have been identified and updated cost information has been obtained for the defined project. The City of Grand Haven BRA is requesting an amendment to cover the changes.

If the interest is paid by local TIF only, there is still a balance of nearly \$8 million after 30 years of TIF payments. The assumed interest rate is six percent; however, the hope is to identify financing at a lower rate. The environmental portion of the bond may be taxable, but they are hoping to sell tax-exempt bonds for the majority of the eligible expenses.

Jackie Shinn asked the reason for the requested increase. Mr. McGinnis explained that more significant upgrade, than originally anticipated, is now expected. This factor, along with the increase in the prime interest rate and a change to the millage rate since the 2004 board approval, necessitates a request for change in the tax capture breakdown as follows:

Local tax capture	\$11,854,710 (49%)
School tax capture	<u>\$12,338,576 (51%)</u>
	\$24,193,286

Recommendation

The MEDC recommends approval of this amendment to allow for school tax capture up to \$5,514,273 of the total \$10,812,300 eligible activities. Also, the MEDC recommends approval to allow for school tax capture of up to \$6,824,303 of the total amended \$13,380,986 interest cost.

Board Discussion

The report of the Executive Committee was given by Bo Garcia. Mr. Garcia expressed the Committee’s recommendation for approval of this work plan amendment and an increase in the tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2005-92, authorizing an amendment to allow for an increase in capture of school operating

taxes for the City of Grand Haven, based on increases in the costs of eligible activities for the Grand Landing redevelopment project, was adopted.

ACTION ITEM

*Federated Properties 145, LLC
30955 Northwestern Highway
Farmington Hills, Michigan 48334*

Vern introduced Michael Uzelac from Federated Properties 145, LLC. Mr. Uzelac introduced Jean Derenzy with the Grand Traverse County BRA, and Peter Strom, representing the Grand Traverse County Board of Commissioners. After Ms. Derenzy expressed local support for the project, Mr. Uzelac explained the project in detail for the board.

The project is a mixed-use development that will consist of 25,000 square feet of retail space, 15,000 square feet of office space, and 130,000 square feet of residential space. The project will also have approximately 450 parking spaces for public use and 130 spaces for private use.

The project site is a former automobile dealership. Much of the site is currently vacant. The west end of Traverse City, where the site is located, has been in decline for several years.

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

The project is anticipated to create 150 full time jobs. In addition to the creation of jobs for the project, the addition of parking to the west end of town will likely reduce office vacancy rates in the buildings surrounding the project, as well as provide significant benefits to the retailers in the area.

The developer is working with DEQ toward the approval of a work plan of approximately \$1.5 to \$1.9 million to reimburse the cost of removing, transporting and disposing of contaminated soils from the project site.

The developer will have project related costs for both environmental and non-environmental eligible activities of approximately \$2.7 million reimbursed through the capture of school and local taxes.

The eligible investments for the project are:

Demolition	\$ 420,000
Site Improvements	\$ 1,500,000
New Construction	<u>\$42,000,000</u>
Total	\$43,920,000

The eligible property was previously used for residential, commercial or industrial purposes and is a "facility". It is located within the boundaries of Traverse City, a qualified local governmental unit, and is the subject of a brownfield plan, duly approved by the Grand Traverse County Board of Commissioners on November 3, 2005.

Recommendation

The MEDC recommends approval of a Brownfield Redevelopment single business tax credit of 10% of the eligible investment for Federated Properties 145 LLC, not to exceed \$4,392,000.

Board Discussion

The report of the Executive Committee was given by Bo Garcia. Mr. Garcia expressed the Committee's recommendation for approval of this work plan amendment and an increase in the tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2005-85, authorizing a brownfield redevelopment tax credit for Federated Properties 145, LLC, was adopted.

ACTION ITEM

Board Action to appoint new Board Secretary

After discussion with regard to the need to appoint a new secretary to the board, a motion was made and supported, and Resolution 2005-93, designating Karen Ammarman to act as Secretary to the MEGA Board, with full signature and approval authorities, was adopted.

The meeting was adjourned at 11:30 a.m.

The next meeting of the MEGA board is scheduled for Tuesday, December 20, 2005.