

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
November 15, 2011

ADOPTED MEETING MINTUES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, November 15, 2011, at the Michigan Economic Development Corporation, 300 N. Washington Square, Lansing, Michigan.

MEMBERS PRESENT: Tim Becker, (acting for and on behalf of John Nixon, designation attached), Tim Herman, Mike Jackson, Andrew Lockwood, (acting for and on behalf of Andy Dillon, designation attached), Jennifer Nelson, (acting for and on behalf of Michael Finney, designation attached).

MEMBERS ABSENT: Cullen DuBose, Bill Martin

CALL TO ORDER: Ms. Nelson called the meeting to order at 10:00 a.m.

APPROVAL OF MINUTES: Ms. Nelson asked for a motion to approve the October 18, 2011 meeting minutes. **Mr. Herman made a motion for approval of the minutes. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PUBLIC COMMENT: Ms. Nelson asked if there was any public comment. There was none.

EXECUTIVE COMMITTEE REPORT: Ms. Nelson asked Mr. Pohnl if the Executive Committee had reviewed the projects on the agenda. Mr. Pohnl replied affirmatively that the Executive Committee recommended approval of the agenda items being presented to the Board.

PROPOSED LARGE BROWNFIELD MBT CREDIT

Resolution 2011-126 – The Exchange Project, City of Kalamazoo, Kalamazoo County

Stacy Esbrook, Brownfield Program Specialist, provided background information on this action item and introduced guests: Greg Taylor, West Michigan and Rose Development LLC; Alan Sylvester, West Michigan and Rose Development LLC; Steve Willobee, Soil and Materials Engineers, Inc.; Ken Nacci, President, Downtown Kalamazoo, Inc.; and Jerome Kisscorni, Assistant Manager, City of Kalamazoo.

Ms. Esbrook advised the Board that the project will redevelop a surface parking lot into a mixed-used development that will include residential, office, commercial and retail uses. Mr. Taylor advised that the project will provide approximately 103,779 square feet of commercial/office space and 108,124 square feet of residential space. Messrs. Kiscscorni and Nacci confirmed local support of the project to the Board. Ms. Esbrook concluded that the project is located within the boundaries of the City of Kalamazoo and that the property is the subject of a Brownfield Plan, duly approved by the City of Kalamazoo on September 6, 2011.

Recommendation: Staff recommends approval of a Brownfield MBT Credit.

Board Discussion: Mr. Pohnl stated the project had no contingencies. Ms. Nelson asked if there were any questions from the Board. Mr. Herman asked where the project was located. There being no other questions, **Mr. Lockwood motioned approval for Resolution 2011-126. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD WORK PLANS

Resolution 2011-127 – 2810 Baker Road Redevelopment Project, Village of Dexter, Washtenaw County

Ms. Esbrook, Brownfield Program Specialist, provided background information on this action item and introduced guests: Steve Brouwer, Developer, BST Investments, LLC; Bret Stuntz, Consultant, AKT Peerless; Brett Lenart, Project Manager, Washtenaw County.

Ms. Esbrook stated the County of Washtenaw Brownfield Redevelopment Authority had submitted an Act 381 Work Plan. Mr. Bouwer provided the Board with a description of the project which will be developing approximately 7.4 acres of property for Dexter Wellness Center. Parking and landscaping will also be added throughout the entire eligible property to support the overall property development. Mr. Lenart assured the Board of the support from the community. Ms. Esbrook concluded that the project would create approximately 50-60 permanent full-time jobs within the commercial portion of the project and that total capital investment will be approximately \$9 million.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities.

Board Discussion: Mr. Pohnl stated the project had no contingencies. Ms. Nelson asked the status of the Small Brownfield MBT Credit approved December 22, 2009. Ms. Esbrook stated that this was a phased project and one of the buildings had been completed and credits had been received. The developer has several more years before the second phase must be completed. It is anticipated the approval of the new Work Plan will stimulate completion of the original project. There being no additional questions, **Mr. Jackson motioned approval for Resolution 2011-127. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recusals; 2 absent.

Resolution 2011-128 – Grand Rapids Urban Market Holdings, LLC Project, City of Grand Rapids, Kent County

Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guest speakers: Jim Leach, Project Manager, Grand Rapids Urban Market Holdings; John Byl, Attorney, Warner Norcross & Judd LLP; Kara Wood, Director of Economic Development, City of Grand Rapids.

Mr. Wells advised the Board the Grand Rapids Brownfield Redevelopment Authority had submitted an Act 381 Work Plan for the approval of local and school tax capture for MEGA eligible activities. Mr. Byl further explained the property is currently occupied by six underutilized and vacant building, which will be demolished. A new 130,000 square-foot building will be constructed to accommodate an urban market. Ms. Wood confirmed local support of the community. Mr. Wells concluded by stating the project is located within the boundaries of the City of Grand Rapids and has been deemed a facility as verified by the Michigan Department of Environmental Quality. The property is the subject of an amended Brownfield Plan approved by the City of Grand Rapids on September 27, 2011.

Recommendation: Staff recommends approval of local and school tax capture for MEGA eligible activities.

Board Discussion: Mr. Pohnl stated the project had no contingencies. Ms. Nelson asked if there were any questions from the Board. Mr. Becker asked the precise location of the project. Mr. Herman asked what effect this might have on the existing Farmer's Market. Mr. Leach explained that there would be no adverse effect, as there is currently a waiting list for space at the existing Farmer's Market. There being no further questions, **Mr. Lockwood motioned approval for Resolution 2011-128. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT AND WORK PLAN

Resolution 2011-129 – Meijer, Inc – Redford High School Redevelopment, City of Detroit, Wayne County (MBT)

Resolution 2011-130 – Meijer, Inc. – Redford High School Redevelopment, City of Detroit, Wayne County (Work Plan)

Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guest speakers: Chris Brochert, Manager/Member, Lormax Stern Detroit Development, LLC and Principal, Lormax Stern Development Corporation; Jason Horton, Counsel, Lormax Stern Development Corporation; Michael Kinstle, Vice President of Real Estate, Meijer, Inc.; Jared Belka, Attorney, Warner Norcross & Judd LLP; Mariangela Pledl, Brownfield Redevelopment Associate Director, Detroit Economic Growth Corporation.

Mr. Wells explained to the Board that the project includes the demolition of an existing Detroit Public School building complex that is currently vacant. Once demolished, the property will require extensive site work. Mr. Belka further explained that the project scope includes the construction of a new Meijer store with a full retail, grocery, garden center and fuel service. Ms. Pledl confirmed local support for the project. Mr. Wells concluded stating the project was in the process of applying to the Wayne County Land Bank for a standard Transforming Underdeveloped Residential and Business Opportunities rebate assistance during the first six years of the project which will abate 100% of personal and property taxes in the first year and 50% of the personal property taxes in the last five years.

Recommendation: Staff recommends approval of the designation of an Urban Development Area Project and approval of a 15% Brownfield MBT Credit. At the time a Certificate of Completion for the project is requested, the applicant shall provide a deed indicating that the eligible property is under their control. Staff also recommends approval of local and school tax capture for the MEGA eligible activities.

Board Discussion: Mr. Pohnl stated the MBT portion of the project is contingent upon the applicant providing a deed indicating that the eligible property is under their control at the time a Certificate of Completion for the project is requested. The amended motion will have a section inserted that reflects this contingency. Mr. Pohnl advised the Board there are two resolutions for this project. Ms. Nelson asked if there were any questions from the Board. Mr. Jackson asked the location and when the store is expected to open. The response indicated the store to be located at approximately 6 mile and Grand River is expected to open in 2014. Mr. Martin inquired whether there would be bus service to the site. Mr. Horton replied that the plan included a bus terminal with 4 bus lines currently serving the site. **Mr. Herman motioned approval for Resolution 2011-129. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Jackson motioned approval for Resolution 2011-130. Mr. Herman seconded the motion. The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BROWNFIELD TIF AMENDMENT

Resolution 2011-131 – Fulton Property Holdings, LLC Project, City of Grand Rapids, Kent County

Dan Wells, Brownfield Program Specialist, provided information on this action item and introduced guests: Kara Wood, Director of Economic Development, City of Grand Rapids.

Mr. Wells advised the City of Grand Rapids Brownfield Redevelopment Authority has submitted an Act 381 Work Plan Amendment for a change in scope from a previously approved Amendment (May 20, 2008) and original approval of October 18, 2005. This Amendment request is for \$211,215 in eligible activity costs to be reimbursed with local and school tax capture. Ms. Wood further explained this project will redevelop the former Junior Achievement Building. A new developer has purchased the property and proposes to renovate the existing two stories and lower level to create retail and office space.

Recommendation: Staff recommends approval of local and school tax capture for the MEGA eligible activities. In order for school tax capture to occur on this project, eligible activities costs will not be reimbursed by any other public funds.

Board Discussion: Mr. Pohnl recommended that the resolution included in the Board packet be amended to provide that the project is contingent on the eligible activities costs not being reimbursed by any other public funds. Ms. Nelson asked if there were any questions from the Board. Mr. Becker asked where Junior Achievement had relocated. Mr. Wells stated he believed they were located within the Davenport complex. There being no further questions, **Mr. Jackson motioned approval for Resolution 2011-131 as amended. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED MEGA AMENDMENTS

Resolution 2011-132 – CIBER, Inc.

Shane Schamper, MEGA Program Analyst, provided the Board with background information on this action item.

Mr. Schamper explained to the Board a 100% Standard Look-Back MEGA Credit for seven years was awarded to CIBER, Inc. on February 25, 2010 for up to 700 qualified new jobs with an average weekly wage of \$1,270 above the base employment number in Michigan of 473 full time employees. When CIBER, Inc.'s Colorado headquarters reviewed the MEGA Application, Resolution and Agreement, it was discovered employees were included in the Michigan base that were located in other states. The MEGA is scheduled to begin with the company's tax year ending December 31, 2011. They would not be able to collect the credit as the base was inaccurately set. CIBER has verified that the employees were counted incorrectly through various conversations with staff as well as a spreadsheet showing the out-of-state employees.

Recommendation: Staff recommends the based be amended from 473 to 454.

Board Discussion: Mr. Pohnl stated there were no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-132. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-133 – Urban Science Applications

Mr. Shane Schamper, MEGA Program Analyst, provided the Board with background information on this action item.

Mr. Schamper stated a 100% High-Tech MEGA Credit for ten years had been awarded to Urban Science Applications Inc on April 14, 2009. The Credit was awarded for up to 69 qualified new jobs with an average weekly wage of \$1,275 above the base employment number in Michigan of 190 full time employees. Urban Science Application listed 190 employees working at the project. However it was later discovered that some of the 190 employees noted above and additional employees from two different EINs were working at the project under its affiliates ChannelVantage, Inc and USL, Inc. There were a total of 202 employees at the project working for Urban Science Applications and its affiliates at the date of application.

Recommendation: Staff recommends both ChannelVantage, Inc. and USL, Inc.; be added to the Agreement as Affiliated businesses to allow their employees to be included as both Base Jobs and Qualified New Jobs. It is further recommended that the Base Employment Level be increased from 190 to 202. All other terms and conditions remain as is.

Board Discussion: Mr. Pohnl stated there were no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for**

Resolution 2011-133. Mr. Jackson seconded the motion. The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Meeting adjourned at 10:35 a.m.