

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
December 13, 2011

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority [MEGA] Board was held on Tuesday, December 13, 2011, at the Lansing Quality Suites Hotel, 901 Delta Commerce Drive, Lansing, Michigan.

MEMBERS PRESENT: Tim Herman, Mike Jackson, Andrew Lockwood [acting for and on behalf of Andy Dillon, designation attached], Bill Martin, Mark Morante [acting for and on behalf of Michael Finney, designation attached]

MEMBERS ABSENT: Cullen DuBose, John Nixon

CALL TO ORDER: Mr. Morante called the meeting to order at 10:15 a.m.

Mr. Morante advised the MEGA Board would meet on its regular monthly schedule for January and February and would then consider a more abbreviated schedule thereafter. Mr. Morante asked for a motion to approve the January and February board meeting schedule. **Mr. Martin motioned approval of the scheduled January and February MEGA Board meetings. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

APPROVAL OF MINUTES: Mr. Morante asked for a motion to approve the November 15, 2011 meeting minutes. **Mr. Jackson made a motion for approval of the minutes. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes, 0 nays; 0 recused, 2 absent

PUBLIC COMMENT: Mr. Morante asked if there was any public comment.

The Detroit Renewable brownfield credit, worth up to \$4.1 million to the incinerator/power plant, drew public comment to the Board. Sandra Turner-Handy with the Michigan Environmental Council's Detroit office said the area around the plant has among the highest asthma rates in the city, affecting an elementary school located across the street. She indicated that once the students left this school location, their health improved. Stephen White, chair of the company, acknowledged the concerns, but said many of the problems stemmed from actions of the prior owner. He said the principal at the school has told him the smell from the plant has already been reduced substantially. Marcus McKissic with the Michigan Recycling Coalition said the proposal would provide an advantage to a direct competitor for recyclable materials. Margaret Webber from the Coalition asked why the State should give this company another \$4.1 million in state tax credits. She indicated the company would never have survived without state support. A representative from the ecology center indicated the parent of the company has stated they don't need tax credits to continue in business. He further indicated the facility doesn't meet basic statutory criteria—won't create jobs, won't alleviate damage, not necessary, etc. Detroit Renewable officials explained the plant does recycle metals out of the materials run through the incinerator; arguing energy was a valid recycling technique.

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

PROPOSED HIGH-TECH MEGA CREDITS

Resolution 2011-141 – Townsend Energy Solutions, LLC

Marcia Gebarowski, Regional Program Manager and Val Hoag, Vice-President Business Services, provided background information on this action item and introduced guests: Rick Cundiff, CEO, Townsend Energy Solutions; Tony Nowicki, City Manager, City of Wixom.

Mr. Cundiff provided the Board with an overview of the project. He indicated the company proposes to locate advanced manufacturing operations of technologies and product related to energy efficiency for use in

advanced fuel efficient vehicles, smart grid management applications and power electronics industry. The proposed site for this project is the former Ford Wixom Assembly facility in the City of Wixom. The company is currently in negotiations with Ford Land to purchase or lease a portion of the site. Mr. Nowicki confirmed support of the project within the community and the approval of a PA 198 as well as Renaissance Zone designation.

Recommendation: Staff recommends a 200 percent high technology employment tax credit for years one through three and a 100 percent tax credit for years four through seven for up to 875 net new employees in excess of the company's established base of 9.

Board Discussion: Ms. Campbell stated the staff recommendation is contingent upon the company creating and maintaining at least 500 new jobs by the end of 2015 and 750 qualified new jobs by the end of 2016. Failure to do so will result in the forfeiture of years six and seven of the credit. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-141. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED STANDARD MEGA CREDITS

Resolution 2011-142 – Detroit Manufacturing System

Marcia Gebarowski, Regional Program Manager and Camille Walker, Business Development Manager, provided background information on this action item and introduced guests: Andra Rush, CEO Rush Group; Alan Bluford, Financial Consultant, Rush Group; Tracie Tillinger, Detroit Economic Growth Corporation; Dave Tyler, Deputy Director, Wayne County EDGE

Ms. Gebarowski introduced guest attendees. Ms. Rush provided the Board with an overview of the project. The company is proposing to establish a vehicle component manufacturing facility in the City of Detroit. They are planning to ramp-up production in 2012-2013. The company plans to utilize state of the art manufacturing processes and new innovative materials to become vertically integrated with their projects. Ms. Tillinger advised the Board that the City of Detroit will work on the Company to apply for a PA 198 tax abatement for up to 12 years as well as a PA 328 property tax abatement for 15 years. Ms. Gebarowski concluded it is the company's plan to invest approximately \$29.2 million within five years, of which \$11.4 million is lease costs, and create 572 jobs over the next five years, with 178 jobs projected in year one.

Recommendation: Staff recommends a 100 percent standard employment tax credit for five years for up to 572 net new employees in excess of the company's established base of 0.

Board Discussion: Ms. Campbell stated the staff recommendation is contingent upon approval of a tax abatement by the City of Detroit. In addition, if the company moves Qualified New Jobs outside of Michigan during at least the term of the Agreement and a period thereafter, a repayment of all or a portion of the Tax Credits received shall be required. Mr. Morante asked if there were any further questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2011-142. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-143 – Lenawee Stamping Corporation

Jeff Sands, Business Development Manager, and Stacy Bowerman, MEGA Project Specialist, provided background information on this action item and introduced guests: Kurt LeMerise, Manager, US Operation Lenawee Stamping; Ray Skierski, General Manager Lenawee Stamping, Mayor Richard Johnson, City of Tecumseh; Kevin Welch, City Manager, City of Tecumseh; Paul Holtz, City of Tecumseh.

Mr. Sands introduced guest attendees. Mr. LeMerise provided the Board with an overview of the project. The company is under consideration for two new GM programs that may otherwise be sourced to Toledo, Ohio. The new programs will include underbody parts for the Chevy Malibu and GM Truck. These new programs will replace the Mazda programs that are scheduled to end in 2013. Production will take place at the company's existing facility in the City of Tecumseh and will require a large investment in new machinery and equipment. Mayor Johnson expressed support of the project and anticipates the approval of a 12-year P.A. 198 tax abatement. Ms. Bowerman concluded the Michigan Department of Transportation is currently working with the Lenawee Stamping on Transportation Economic Development Fund request for safety improvements to M-50 in Tecumseh Township.

Recommendation: Staff recommends amending the existing MEGA tax credit approved on April 14, 2009 increasing the number of qualified new jobs, which will capture the qualified new jobs associated with the tax credit approved on April 20, 2010 and the 128 qualified new jobs expected as a result of this project. Further, the MEGA tax credit approved on April 20, 2010 will be rescinded.

Board Discussion: Ms. Campbell stated the project had no contingencies. Mr. Morante asked if there were any further questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-143. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-144 – U.S. Farathane

Christine Roeder, Business Development Manager, and Stacy Bowerman, MEGA Project Specialist, provided background information on this action item and introduced guests: Andy Greenlee, President, U.S. Farathane [USF]; Rick Knappe, CFO, U.S. Farathane; Dan Foster, Senior Managing Director, Newmark, Knight & Frank; James Ahee, Macomb County.

Ms. Roeder introduced the guest attendees. Mr. Knappe provided the Board with an overview of the project. The company has increased the scope of the project [original Standard and Retention MEGA approved on December 15, 2009] to include expansion at two existing facilities and the construction of a new facility to support the growth as a result of new business awarded to USF and growth from its existing business. Consideration is being given to construction of a new facility in Macomb or Oakland County where they will manufacture injection and compression molded automotive components. Mr. Ahee provided support for the project and of property tax abatements for real and personal property under PA. 198. Ms. Bowerman concluded that USF plans to invest an additional \$58.5 million as a result of this new expansion, of which approximately \$9.4 million will be lease costs. The company will also create an additional 391 jobs over the next five years.

Recommendation: Staff recommends amending the company's existing MEGA tax credit approved on December 15, 2009 to increase the number of qualified new jobs from 398 to 789. All other aspects of the credit will remain unchanged.

Board Discussion: Ms. Campbell stated the project had no contingencies. Mr. Martin asked if there was local support and PA 198. Macomb County responded that there will be on the new personal and real property involved in the project. Mr. Morante asked if there were any other questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-144. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED RETENTION MEGA CREDIT AMENDMENT

Resolution 2011-145 – Ford Motor Company

Aaron Young, Business Development Manager, and Amy Deprez, Manager, Packaging Team, provided background information on this action item and introduced guests: Curt Magleby, Director, State and Local Government Relations; Gabby Bruno, Regional Government Affairs Manager, Charlie Pryde, Regional Government Affairs Manager; George Mans, Economic Development Director, City of Flat Rock

Mr. Young introduced guest attendees. Mr. Pryde provided the Board with an overview of the project. The company is considering a significant new project at the AAI facility in Flat Rock. This project would include a new flexible assembly system to provide a second source for the next Generation Fusion. Mr. Mans expressed the community support of this project and anticipation of approval of tax abatement relative to the project. Ms. Deprez concluded the investment planned for the increased work at the Flat Rock site is expected to be a minimum of \$150 million. This multi-faceted investment initiative will help secure the future of the Flat Rock plant.

Recommendation: Staff recommends amending the 15 year, up to 100 percent retention employment tax credit with an increase in retained jobs to total 31,600 and amend the start of the credit to the company's tax year ending 2012, allowing for advancement of the credit by one year if the company chooses.

Board Discussion: Ms. Campbell stated the project had no contingencies. Mr. Lockwood asked the time frame for production of the fusion at that facility since the next gen fusion is currently produced in Mexico. The company responded that information is not currently available to the public. Mr. Morante asked if there were any other questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-145. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED HIGH-TECH MEGA AND PHOTOVOLTAIC MICHIGAN BUSINESS TAX CREDIT

Resolution 2011-146 – Suniva, Inc.

Resolution 2011-147 – Suniva, Inc.

Marcia Gebarowski, Regional Program Manager, provided background information on this action item and introduced guests: John Baumstark, President, Suniva; JoAnne Crary, Saginaw Future.

Ms. Gebarowski introduced guest attendees. Mr. Baumstark explained this project involves the location of Suniva's "ARTisun Select Project," which will manufacture solar cells with efficiency rates of 18-20% and higher in Thomas Township. The company will utilize an efficient manufacturing process to achieve a low cost-per-watt and would implement this process in its new location. This site would also sell modules powered by their ARTisun solar cells. In addition, the MEGA Board approved a Photovoltaic Michigan Business Tax credit to Suniva in October 2009; however, a credit agreement was not executed for this incentive. The company now meets the requirements of the Qualified Taxpayer as defined under this Act and is requesting approval for this incentive at this time. Ms. Crary stated that the company has local support of the project and anticipates a Renewable Energy Renaissance Zone, Community Development Block Grant will be used to develop their designated site into a "shovel-ready" condition and Saginaw County has offered a \$500,000 loan from their CDBG revolving Loan Fund. Ms. Gebarowski concluded the company plans to invest approximately \$250 million and create up to 500 jobs over five years. The company's proposed start date for this project is fall of 2013.

Recommendation: To secure this project in Michigan for the planned start-date of 2013, staff recommends a 200 percent high technology employment tax credit for credit years one through three and a 100 percent credit for credit years four through seven for up to 500 net new employees in excess of the company's established base of zero. Staff further recommends reauthorizing the credit agreement for the Photovoltaic Michigan Business Tax Credit.

Board Discussion: Ms. Campbell stated there would be two resolutions to this project. The first resolution for the High-Tech Credit is contingent upon the company creating and maintaining a minimum of 5 Qualified New Jobs at the end of the first year and 25 by the end of the fifth year; the tax credit is awarded for a maximum of 500 Qualified New Jobs; the Qualified New Jobs pay an average weekly wage of at least \$923; the agreement includes a repayment requirement; and Thomas Township approves a tax abatement for new property related to the project. Mr. Martin asked if the company can meet the December 27 deadline. The company represented that it could. Mr. Morante asked if there were any other questions from the Board on the High-Tech MEGA Credit Resolution. There being none, **Mr. Martin motioned approval of Resolution 2011-146. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Ms. Campbell stated the contingencies for the Photovoltaic Tax Credit included the company would create at least 500 qualified new jobs and makes a new capital investment of at least \$50,000,000 in the project within the first five years after commencing the project; of the \$50,000,000 new capital investments, a minimum of \$25,000,000 shall be made for the first Photovoltaic Tax Credit Certificate issued; and the agreement includes a repayment requirement of all or a portion of the Tax Credit if the Company fails to meet the conditions of the Agreement during at least the term of the Agreement. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-147. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT CREDIT & ACT 280 DEVELOPMENT PLAN

Resolution 2011-148 – Detroit Gateway Park Outlet Mall LLC and Meijer, Inc.

Resolution 2011-149 – Detroit Gateway Park Outlet Mall LLC and Meijer, Inc.

Joe Martin, CATEam, and Stacy Esbrook, Brownfield Program Specialist, provided background information on this action item and introduced guests: Ken Till, REDICO, VP of Acquisitions and Development; Marvin Beatty, Principal – Detroit Gateway Park Outlet Mall, LLC; Lynn Gandhi, Partner, Honigman, Miller, Schwartz and Cohn, Art Papapanos, Detroit Economic Growth Corporation

Ms. Esbrook introduced guest attendees. Mr. Till provided the Board with an overview of the project. This project will be the first major retail center within the City of Detroit. It will consist of a new service-oriented shopping center to be known as the Shoppes at Gateway Park. The project will be a major retail center anchored by Meijer, Inc. Mr. Papapanos advised the Board the City of Detroit Corridor Improvement Authority has submitted an Act 280 Development Plan requesting the Michigan Economic Growth Authority to include school taxes in the definition tax increment revenues. The CIA has requested a total of \$10,750,000 in investments be reimbursed through tax increment revenue. Ms. Esbrook concluded the project will include a variety of different types of retail and business users. The total capital investment will exceed \$71 million with eligible investment estimated over \$40 million.

Recommendation: Staff recommends the designation of an Urban Land Development Area Project and approval of a 15% Brownfield MBT Credit not to exceed \$6,134,368. Additionally, the MEDC has determined the inclusion of school taxes is necessary to reduce unemployment, promote economic growth and increase capital investment in a qualified area. The MEDC recommends inclusion of school taxes in the definition tax increment revenues, and the amount of school tax capture for this project. School tax capture under the Corridor Improvement Authority Development Plan will be limited to soft costs associated with the site improvements to the land.

Board Discussion: Ms. Campbell advised the Board there are two resolutions to this project. The first Resolution relates to the Brownfield Redevelopment MBT Credit and has the following contingencies: environmental contamination encountered at the site will be dealt with as required to protect the public health, safety and welfare, and environment; the applicant submits at least half of the Administrative Fee within six months of the date of this resolution; and any eligible improvements included in the school tax capture authorized under the Corridor Improvement Authority by the MEGA on December 13, 2011, shall not be considered eligible investment under this MBT Brownfield Redevelopment Credit. Mr. Morante asked if there were any questions. There being none, **Mr. Jackson motioned approval for Resolution 2011-148. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Ms. Campbell stated the second resolution, City of Detroit Corridor Improvement Authority has the following contingencies: Any change in millage that increases the capture percentage of school operating taxes by more than 5 percentage points must be approved by the MEGA Board; the authorization for the capture of taxes levied for school operating purposes is limited to a maximum of \$4,099,468 for the purpose of soft-costs associated with eligible site improvement; any site improvements identified as eligible investment under the MBT Brownfield Redevelopment Credit authorized by the MEGA Board on December 13, 2011 shall not be reimbursed by tax increment revenues under the Corridor Improvement Authority Act; the Authority, or City of Detroit, maintains adequate records regarding: (a) all taxes captured for the project and (b) receipts or other appropriate documentation of the cost of eligible improvements. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-149. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT CREDIT APPROVALS

Resolution 2011-150 – Whitney Partners, LLC

Resolution 2011-151 - DDVI Holdings II, LLC – Capitol Park Building Project

Resolution 2011-152 – DDVI Holdings II, LLC – Chamber of Commerce Building Project

Resolution 2011-153 – DDVI Holdings II, LLC – The Farwell Building Project

Joseph Martin, CATEam, and Stacy Esbrook, Brownfield Program Specialist, provided background information on this action item and introduced guests: David DiRita, Whitney Partners, LLC; Art Papapanos,

Detroit Economic Growth Corporation; Khalilah Gaston, Development Specialist, Michigan Fast Track Land Bank Authority.

Ms. Esbrook introduced guest attendees. Mr. DiRita advised the Capitol Park initiative is the culmination of efforts to concentrate development within one of the oldest neighborhoods in downtown Detroit that was the site of the State's original capitol building. The Capitol Park district is bound by Washington Boulevard to the West, Woodward Avenue to the East and Michigan Avenue to the South. The Capitol Park area represents a significant sub-district within the larger historic "West District" of downtown Detroit. Dating back to 2009, economic development agencies and organization have undertaken significant activities to position Capitol Park and the West District as a densely populated, missed-income residential neighborhood to reverse the abandonment and blight that has fostered a decline in aesthetic appeal and loss of retail and other amenities. The consortium consists of the Detroit Economic Growth Corporation, the Michigan Land Bank Fast Track Authority, Invest Detroit Foundation, the Wayne County Land Bank and the Michigan Economic Development Corporation. Mr. Papapanos advised that State and local incentives include Urban Development Area Project designation, State Historic Tax Credits, Obsolete Property Rehabilitation and the full 12-year abatement.

Recommendation: Staff recommends the designation of an Urban Development Area Project and approval of 15% Brownfield MBT Credit for all buildings.

Board Discussion: Ms. Campbell advised the Board there were four Resolutions for this project. The four resolutions each contained the following contingencies: a) any environmental contamination encountered at the site will be dealt with as required to protect the public health, safety and welfare and environment; and b) the applicant submits as least half of the Administrative Fee within twenty-four months of the date of this Resolution. Member. Martin asked a question regarding the geographic location of the project. Mr. Morante questioned the historic tax credit. Joe Martin, MEDC, responded that the capital park district is eligible. Mr. Morante asked if there were any other questions from the Board regarding the Whitney Partners resolution. There being none, **Mr. Herman motioned approval for Resolution 2011-150. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions from the Board regarding the Capital Park Building Project. There being none, **Mr. Martin motioned approval for Resolution 2011-151. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions from the Board regarding the Chamber of Commerce Building Project. There being none, **Mr. Herman motioned approval for Resolution 2011-152. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions from the Board regarding the Farwell Building Project. There being none, **Mr. Jackson motioned approval for Resolution 2011-153. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-154 – Ford Motor Company – Wixom Site Redevelopment

Resolution 2011-155 – Ford Motor Company – Wixom Site Redevelopment

Marcia Gebarowski, Regional Program Manager, and Amy Deprez, Manager, Packaging Team, provided background information on this action item and introduced guests: Jay Gardner, Director of Real Estate, Ford Land; John Byl, Warner Norcross and Judd; Brad Hanson, Oakland County Planning and Economic Development; and Tony Nowicki, City of Wixom.

Ms. Gebarowski introduced the guest attendees. Mr. Gardner advised the Board the Company is proposing to redevelop the former Ford Motor Company Wixom Assembly Plant that was idled in 2007. The site will be divided into two project areas – Project Area A and Project Area B. Ford expects to redevelop each project area for future industrial use which may include renewable energy manufacturing or other industrial uses as Ford looks to sell or lease space in each Project Area to future individual tenants as they are identified. Mr. Nowicki expressed the community support of this project and stated the entire site, both project areas, have the potential to be included in a future Renaissance Zone designation upon approval from the City of Wixom. Ms.

Gebarowski concluded the projects are both located within the boundaries of the City of Wixom, which is not a Qualified Local Governmental Unit, and they have been deemed facilities as verified by the Michigan Department of Environmental Quality.

Recommendation: Staff recommends approval of a 12.5% Brownfield MBT credit not to exceed \$10,000,000 for each project area.

Board Discussion: Ms. Campbell advised the Board there are two resolutions for this project. The contingencies stated for both Resolutions include: a) any environmental contamination encountered at the site will be dealt with as required to protect the public health, safety and welfare, and environment; and b) the applicant submits at least half of the Administrative Fee within six months of the date of this resolution. Mr. Morante commented that in the past the MEGA Board had approved another project in this location for tax credits. However, that project did not go through. Mr. Morante asked if there were any questions regarding the resolution for Project Area A. There being none, **Mr. Herman motioned approval for Resolution 2011-154. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions regarding the resolution for Project Area B. There being none, **Mr. Lockwood motioned approval for Resolution 2011-155. Mr. Herman seconded the motion.** The motion carried, 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-156 – Midland Downtown Development Partners, LLC – Stadium District Project

Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guests: Kevin McGraw, Midland Downtown Partners, Patrick Gillespie, Midland Downtown Partners; Steve Willobee, Soil and Materials Engineers, Inc.; David Keenan, City of Midland; Scott Walker, Midland Tomorrow.

Mr. Wells introduced the guest attendees. Mr. McGraw provided the Board with an overview of the project. The project will redevelop the former McKay Press property. The project will demolish a vacant building and construct a mixed-use building that will complement the adjacent Dow Diamond baseball complex. Mr. Wells concluded the project anticipated the creation of 150 permanent full-time jobs. The total capital investment will be approximately \$49 million.

Recommendation: Staff recommends the designation of an Urban Development Area Project and approval of a 15% Brownfield MBT Credit.

Board Discussion: Ms. Campbell stated contingencies for the project included a) any environmental contamination encountered at the site will be dealt with as required to protect the public health, safety and welfare, and environment; and b) the applicant submits at least half of the Administrative Fee within six months of the date of this Resolution. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-156. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-157 – 205 S. Division Avenue LDHA, LP and 26 Cherry LDHA, LP

Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guests: Karl Chew, Principal, Brookstone Capital Partners; John Byl, Attorney, Warner Norcross & Judd.

Mr. Wells introduced the guest attendees. Mr. Byl provided the Board with an overview of the project. The project is the construction of two new mixed-use, multi-story buildings. The buildings will be consist of residential rental units and commercial space. The project will include both work force and market rate residential housing. The City of Grand Rapids is in the process of developing a Neighborhood Enterprise Zone property abatement and the project will be receiving an Urban Development Area Project designation.

Recommendation: Staff recommends the designation of an Urban Development Area Project and approval of a 15% Brownfield MBT Credit.

Board Discussion: Ms. Campbell stated the project is contingent that at the time a Certification of Completion for the project is requested to receive the Credit, the applicant shall 1) have received a

Neighborhood Enterprise Zone designation from the City of Grand Rapids; and 2) demonstrate that the completed housing in the residential portions of the 205 South Division building are 100% market rate, and demonstrate that the completed housing in the residential portions of the 26 Cherry building are at least 20% market rate. Mr. Morante asked what is located on the site now. The response was a parking lot. Mr. Morante then asked if there would be parking after the project is built, The response was there would be some surface parking as well as a nearby municipal lot. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-157. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-158 – Detroit Renewable Power, LLC

Marcia Gebarowski, Regional Program Manager, and Camille Walker, Business Development Manager, provide background information on this action item and introduced guests: Steven White, Chairman, Atlas Holdings, LLC; Paul Maier, President, Detroit Renewable Power, LLC; Thom Shanaver, Controller, Detroit Renewable Power, LLC; Alan Greenberg, Director of Environmental Affairs, Detroit Renewal Power LLC.

Ms. Walker introduced guest attendees. Mr. White provided the Board with an overview of the project. The project is the rehabilitation of the building and upgrades in machinery and equipment located at 5700 Russell over five years. Demolition of floors will occur in truck dumping and storage areas and some walls and obsolete equipment will be removed. These areas will subsequently be renovated. New machinery will be installed including multiple boilers, metering bins, bag house filters, fuel receiving and processing equipment, instrument and control systems, electrical systems, ash management equipment, feedwater systems, steam supply systems, etc. These upgrades will result in a fully operational and efficient steam generation and delivery plant, which is necessary to maintain a consistent supply of steam for the over 140 buildings that are serviced. Ms. Gebarowski concluded the project is located within the boundaries of the City of Detroit, which is a Qualified Local Governmental Unit, and the building has been deemed functionally obsolete.

Recommendation: Staff recommends approval of a 12.5% Brownfield MBT.

Board Discussion: Ms. Campbell stated the contingency for the project is that at the time a Certificate of Completion for the project is requested to receive the Credit, the applicant shall 1) have at least 113 employees located at the project site at the time the Certificate of Completion is submitted. Mr. Morante asked if there were any questions from the Board. Mr. Martin requested an additional contingency be included with the Resolution stating Detroit Renewable Power agrees that prior to receiving the credit, the company has satisfactorily resolved the three violation notices received September 13, 2011, September 19, 2011 and November 2, 2011 from the Michigan Department of Environmental Quality. Mr. Morante remarked that the Board had received approximately 20 emails and letters relating to this project and asked if there were any additional questions. There being none, **Mr. Jackson motioned approval for Resolution 2011-158 as amended. Mr. Lockwood seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT CREDIT & ACT 381 WORK PLAN APPROVAL

Resolution 2011-159 – SSP Development, LLC Large Brownfield MBT Credit

Resolution 2011-160 – SSP Development, LLC Act 381 Work Plan Approval

Marcia Gebarowski, Regional Project Manager, provided background information on this action item and introduced guests: Gary Glaza, CFO, SSP Associates; Kurt Brauer, Warner Norcross and Judd; Steve Black, City of Bay City; Eric Helzer, AKT Peerless.

Ms. Gebarowski introduced guest attendees. Mr. Glaza provided the Board with an overview of the project. The project will redevelop approximately 43 acres of vacant property located in the City of Bay City. The Work Plan project includes demolition, infrastructure improvements and site preparation activities across the whole 43 acre eligible property and MBT credit request includes the construction of a commercial, retail and residential development within an 18 acre portion of this larger area. Mr. Black expressed the support of the local community. Ms. Gebarowski concluded that the project would receive other state and local assistance in the form of Small UDAP Brownfield MBT Credit, Large UDAP Brownfield MBT Credit; State and local TIF capture of MEGA eligible activities; MDOT TEDF funds; MDEQ grant and MDEQ loan.

Recommendation: Staff recommends the designation of an Urban Development Area Project and approval of a 15% Brownfield MBT Credit. Also recommendation for approval of local and school tax capture for the MEGA eligible activities.

Board Discussion: Ms. Campbell informed the Board there would be two Resolutions for this project. A contingency was attached to the Large Brownfield MBT Credit being at the time a Certificate of Completion for the project is requested, to receive the Credit, the applicant shall provide documentation of the property control before incurring hard-costs or claiming the tax credit and the applicant shall have executed a lease agreement with a tenant company to occupy the building constructed in phase I. Mr. Morante asked if there were any questions regarding the SSP Development, LLC Large Brownfield MBT Credit. Mr. Martin asked the specific location of the project. There being no other questions, **Mr. Martin motioned approval for Resolution 2011-159. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Ms. Campbell stated there were no contingencies for the Act 3881 Plan approval. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Lockwood motioned approval for Resolution 2011-160. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED ACT 381 WORK PLAN APPROVALS

Resolution 2011-161 – MJC Templin, LLC Medical/Professional Office Redevelopment Project

Joe Martin, CATeam, and Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guests. Joseph Vosatka, SMOOTH Development, LLC, Anthony LoDuca, Associate Building, MJC Companies/MJC Templin, LLC, Sheri M. Sutherby-Fricke, Wyandotte City Councilwoman.

Mr. Wells introduced guest attendees. Mr. Vosatka provided the Board with an overview of the project. This project will redevelop largely vacant and blighted property across twelve parcels in Wyandotte, Michigan. The project includes demolition. The site will be repurposed into a minimum 22,000 square foot two story medical office and professional building. Mr. Wells concluded the project is located within the boundaries of the City of Wyandotte, a Qualified Local Governmental Unit, and has been deemed blighted by the City Council.

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

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Morante asked if there were any questions from the Board. Mr. Martin requested a description of the geothermal pipe and the process for extracting heat/cool. There being no other questions, **Mr. Herman motioned approval for Resolution 2011-161. Mr. Martin seconded the motion.** The motion carried.

Resolution 2011-162 – City of Lansing – Y Site, LLC Project

Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guests: Karl Dorsheimer, City of Lansing, Dan Essa, Agent Y Site, LLC.

Mr. Wells introduced guest attendees. Mr. Dorsheimer provided the Board with background information on the project. The project will demolish the currently vacant structure and construct a four-story, 151,400 square-foot mixed-used development at the property located on West Lenawee Street, City of Lansing. The new building will include 228 residential units, commercial space, underground parking and surface parking. The residential unit breakdown consists of 24 2-bedroom and 214 1-bedroom units. The development will also include approximately 20,000 square feet of retail space on the first floor. The project is planning to feature a coffee shop and small market or grocery store in the commercial space. Mr. Wells concluded approximately 25 permanent, full-time jobs are anticipated to be created by the project. The total capital investment will be approximately \$15.6.

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

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Morante asked for a description of site preparation then asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-162. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT CREDIT AMENDMENTS

Resolution 2011-163 – BAE Systems Land & Armaments LP

Stacy Esbrook, Brownfield Program Specialist, provided background information on this action item.

Ms. Esbrook advised the Board that the MEGA Board approved an amendment to phase the project on April 17, 2010. BAE Systems is now requesting to split the second phase. The new second phase will be defined as the completion of the Test rack, 75% completion of the Office Building and 75% completion of the site improvements. As defined in the amendment request, BAE System has completed the second phase of this project and is ready to submit a request for the MBT credit. The credit for the second phase is being sought as a near term cash inflow opportunity.

Recommendation: Staff recommends approval of the requested Brownfield MBT Credit Amendment allowing BAE Systems Land and Armament, LP to complete the project in a total of three phases. The total amount of available credits will be limited to the approved credit of \$6,906,504 for the three phases.

Board Discussion: Ms. Campbell stated the project is contingent on BAE Systems obtaining a valid Certificate of Occupancy by local authorities for the site's Office Building by no later than June 30, 2012; otherwise, the applicant will not be eligible to receive a component certificate for Phase III and the credits issued for Phase I and Phase II will be subject to recapture. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-163. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Resolution 2011-164 – Scripps Park Associates, LLC

Stacy Esbrook, Brownfield Program Specialist, provided background information on this action item.

Ms. Esbrook stated the MEGA Board approved a Large Brownfield MBT credit for Scripps Park on February 22, 2005 and amended the project on May 18, 2007, splitting the project into two phases. Since receiving the credit for the first phase, the financing markets and economic uncertainty have made sale efforts within the development increasingly difficult. For-sale housing markets have all but stalled, necessitating a change in strategy in order to complete the housing development. The applicant is requesting to change the scope of the project to reflect the current housing market conditions in the City of Detroit. The applicant is also requesting the addition of Woodbridge Estates Apartments VI, LDHA, LLC as a qualified taxpayer and a time extension of three years to complete the project.

Recommendation: Staff recommends approval of the amendment request, including a change in the scope of the project, a reduction of the second phase Certificate of Completion to no more than \$412,443 and addition of Woodbridge Estates Apartments VI, LDHA, LLC as a qualified tax payer.

Board Discussion: Ms. Campbell stated two contingencies for the project: 1) at the time of the last phase for the Certificate of Completion is requested, the Qualified Taxpayer will provide evidence that the housing lots remain vacant by the reduction of the project's scope are well manicured, do not pose a danger to residents or other citizens, are not an attractive enticement to children, and are not otherwise an eyesore; 2) the Qualified Taxpayer must secure Low Income Housing Tax Credits as means of funding for project by no later than January 31, 2013, otherwise, the time frame to complete this project will revert back to February 28, 2012. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-164. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED LARGE BROWNFIELD MBT AND ACT 381 AMENDMENTS

Resolution 2011-165 – The Landing Brownfield Redevelopment MBT Credit

Resolution 2011-166 – The Landing Act 381 Amendment

Dan Wells, Brownfield Program Specialist, provided background information on this action item and introduced guests: Bill Hetrick, Ron Thorley and Joe Constance. Members of Landing Development Group, LLC.

Mr. Wells introduced guest attendees. Mr. Constance provided the Board with an overview of the project. The MBT amendment request is to realign phases in a multiphase project. It includes reallocating some of the eligible investment between the previously approved ten phases and to redefine Phases II through X. In addition, the City of Marquette Brownfield Redevelopment Authority has submitted an Act 381 Work Plan Amendment request for the addition of five years to complete eligible activities.

Recommendation: Staff recommends approval of the Amendment #2 request for a reorganization of the project phasing. Staff further recommends approval of an extension to complete eligible activities by five years, until August 18, 2019.

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Martin asked the location of the project and its proximity to the old railroad yard. Mr. Morante asked if there were any other questions regarding the MBT portion of this project. There being none, **Mr. Martin motioned approval for Resolution 2011-165. Mr. Jackson seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions regarding the Act 318 portion of this project. There being none, **Mr. Lockwood motioned approval for Resolution 2011-166. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED STANDARD MEGA AMENDMENT

Resolution 2011-167 – Dow Chemical Company

Jessica Gomez, MEGA Program Analyst, provided background information on this action item.

Ms. Gomez stated the MEGA Board approved a 15-year, 100% Standard MEGA Tax Credit in February 2010. The Credit was awarded for up to 1700 Qualified New Jobs with an average weekly wage of \$763 above a base employment of 5,278 full-time employees. When submitting the MEGA Application, Dow included 34 employees of DCOMCO, Inc., a Dow subsidiary that houses expatriate employees. Expatriate employees are not considered full-time jobs under the MEGA Act and should not have been included in the base employment figure. Dow has requested we remove the 34 employees from the base reducing the base employment figure to 5,244. In addition, Dow has attracted three new subsidiary companies to Michigan since the Credit was approved, increasing the potential for new employment in Michigan. Dow is requesting that the following entities are added as subsidiary companies under this Credit Rohm and Haas Chemicals, LLC and Rohm and Haas Company.

Recommendation: Staff recommends the MEGA tax credit be scheduled to begin with the company's tax year ending December 31, 2012 with the option to pull ahead for the 2011 tax year.

Board Discussion: Ms. Campbell stated the project had no contingencies. Mr. Morante asked if there were any questions from the Board. There being none, **Mr. Jackson motioned approval for Resolution 2011-167. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

PROPOSED BATTERY PACK CREDIT AMENDMENT

Resolution 2011-168 – Johnson Controls-Saft APS Production, Inc. – Cell Manufacturing Credit [Amendment 1]

Resolution 2011-169 – Johnson Controls-Saft APS Production, Inc. – High-Tech Credit [Amendment 1]

Resolution 2011-170 – Johnson Controls-Saft APS Production, Inc. – Plug-In Battery pack Credit [Amendment 1]

Joshua Hundt, Regional Project Manager, provided background information on this action item.

Mr. Hundt explained to the Board that on October 27, 2009 the MEGA Board awarded a Battery pack Manufacturing Tax Credit to Johnson Controls-Saft APS, LLC, which was a joint venture between Johnson Controls and SAFT APS. The Resolution required that an Agreement be entered into within 60 days of the effective date of the Resolution, and could be extended by staff for an additional 30 days with cause. As of today, the parties have not entered into the Pack Credit agreement as it was the recommendation of the MEDC to wait until the proposed second phase of the project was more in alignment with their proposed business entity. Also on October 27, 2009, the company was awarded a Battery Cell Manufacturing Tax Credit and on August 18, 2009, the company was awarded a High-Tech MEGA, and both were related to the same project under the joint venture. Since that time, the company has changed their business structure. The new structure includes the dissolution of the joint venture between Johnson Controls and Saft APS Production. However, the new company, Johnson Controls APS Production, Inc., will retain the current FEIN for the Pack Credit, Cell Manufacturing credit and High-Tech MEGA.

Recommendation: Staff recommends that the parties be allowed to extend the time to enter into the pack Credit agreement to no later than December 31, 2011. Staff further recommends that the Pack Credit, Cell Manufacturing Credit and High-Tech MEGA name be changed to reflect the dissolution of the joint venture and the new entity name of Johnson Controls APS Production, Inc. All other aspects of the project and the resolutions remain the same.

Board Discussion: Ms. Campbell stated the project had no contingencies and had three resolutions for the Board to vote on. Mr. Morante asked if there were any questions from the Board regarding the Cell Manufacturing Credit Amendment. There being none, **Mr. Lockwood motioned approval for Resolution 2011-168. Mr. Herman seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions regarding the High-Tech Credit Amendment. There being none, **Mr. Jackson motioned approval for Resolution 2011-169. Mr. Martin seconded the motion.** The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

Mr. Morante asked if there were any questions regarding the Plug-In Battery Pack Credit Amendment. There being none, **Mr. Herman motioned approval for Resolution 2011-170. Mr. Lockwood seconded the motion.** The motion carried – 0 nays; 0 recused; 2 absent.

MEGA BOARD SECRETARY COMMUNICATION

Karla Campbell, MEGA Board Secretary, provided the Board with the Quarterly Report of Administrative Amendments which had been executed by the MEGA Board Secretary on behalf of the MEGA Board for the third quarter of 2011.

Brad Heffner addressed the Board regarding the policy of requiring the Brownfield MBT administrative fee being issued prior to the issuance of the preapproval letter. With the transition to the Corporate Income Tax [CIT] preapproval letters have to be issued prior to December 31, 2011. Mr. Heffner recommended that the Board waive the collection of the administrative fee prior to the issuance of the preapproval letter for projects approved between July 1 and December 31, 2011.

Mr. Morante asked if there were any questions. There being none, Mr. Martin motioned to waive the collection of the administrative fee prior to the issuance of the preapproval letter for projects approved between July 1 and December 31, 2011. Mr. Herman seconded the motion. The motion carried – 5 ayes; 0 nays; 0 recused; 2 absent.

The meeting adjourned at 12:50 p.m.