ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 North Washington Square, on December 18, 2007 at 10:00 a.m.

Members Present
Keith Cooley
Jim Epolito
Bo Garcia
Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached)
Faye Alexander Nelson
Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

Call to Order

Jim Epolito called the meeting to order at 10:05 a.m.

Approval of Minutes from November 13, 2007

After review, a motion was made, supported and carried that board meeting minutes from the November 13, 2007, meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

MS Automotive, LLC
895 Garden Lane
Ann Arbor, Michigan 48836

Jeff Sand introduced Mark Pucel with MS Automotive, LLC along with Wayne Copeland from the Village of Fowlerville, and Fred Dillingham with the Economic Development Council of Livingston County. Mr. Pucel described the company for the board. MS Plastic Welders, Inc., owned by Maschinenfabrik Spaichingen GmbH of Spaichingen, Germany, was incorporated in 1997. In 2007, MS Plastic Welders, Inc. changed its official name to MS Industries, Inc. MS Plastic Welders, LLC, MS Automotive, LLC, and MS Property & Equipment, LLC, were created to complete the organizational structure. MS Plastic Welders, LLC currently employs 14 associates in Michigan.

Mr. Dillingham discussed the local contribution for the board. The Village of Fowlerville has proposed a 50% abatement of the company’s new real and personal property taxes under PA 198 for 12 years. The property tax abatement application is scheduled to be presented to village council at its January 7, 2008 meeting. The estimated value of this abatement is $1.3 million.

Toni Brownfield provided information about the project for the board. MS Automotive, LLC is experiencing significant growth and will soon require more space than currently exists in the company's original North American headquarters in Fowlerville, Michigan. Given its current space constraints, the company set out to custom-build a combination headquarters and manufacturing facility that would accommodate its growth.

MS Automotive, LLC is proposing the construction of a new facility, slated to begin in April 2008, on a tract of undeveloped land also in the Village of Fowlerville, Livingston County, Michigan. The initial investment required to construct and equip this proposed facility is approximately $21.8 million. Over the next five years, the company anticipates adding 106 new jobs with an average weekly wage of $641.

It is estimated that this facility will create a total of 244 jobs in the state by the year 2015. It is also estimated that the project would increase total state government revenues through the year 2015, by $4.5 million due to the expansion of this operation.

MS Automotive, LLC is considering relocating its entire Fowlerville operation to the Nashville, Tennessee area. When comparing the Michigan and Tennessee locations, the company estimates that wage rates in Tennessee are significantly lower.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 106 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for MS Automotive, LLC and recommends approval of a standard employment credit for seven years.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-98, authorizing a MEGA tax credit for MS Automotive, LLC, was adopted.

ACTION ITEM

Unified Brands, Inc.
525 S Coldwater Road
Weidman, MI 48893

Brenda Flory introduced Mark Upton with Unified Brands, Inc. and Kathy Methner with the Middle Michigan Development Corporation. Mr. Upton described the project for the board. Unified Brands is a manufacturer of restaurant equipment under the Groen, CapKold, Randell and Avtec brand names. They have strong industry positions in steam technology, cook-chill production systems, custom fabrication, foodservice refrigeration, ventilation and air handling systems. Unified Brands operates three manufacturing facilities located in Arizona, Michigan and Mississippi. The company is owned by Dover Corporation, a worldwide, diversified manufacturer of Industrial products. Dover is comprised of over 40 individual businesses in various markets, including: Electronic Technologies, Fluid Management, Engineered Systems, Product ID Systems, Material Handling and Mobile Equipment.

Unified Brands has decided to close their Arizona facility and are considering relocating to current operations in either Michigan or Mississippi. Unified Brands and Dover Corporation is headquartered in Mississippi. A third option is also being considered to consolidate all manufacturing to Jackson, Mississippi.

The relocated Arizona operation will produce approximately $30 million in sales revenue and will require the transfer of $2 million in equipment. Furthermore, the new location will need to purchase an additional $4 million in new equipment and require building renovations estimated at $750,000.

Unified Brands expects the relocation of the Arizona operation will result in the creation of 158 new jobs within the first two years, with a starting average weekly wage of $533. The majority of these new jobs will be semi-skilled operators, with approximately 20 jobs being professional/managerial positions.

Ms. Methner discussed the local contribution for the board. Broomfield Township approved a PA 198 for the abatement on personal and real property for 12 years at its meeting on December 17, 2007. This abatement has an estimated value of $283,000.

Mr. Haakenson provided additional information about the project for the board. It is estimated that this facility will create a total of 327 jobs in the state by the year 2014. It is also estimated that the project would create total state government revenues through the year 2014, of $5,815,000 due to the creation of these new jobs.

The company is also considering locating their Arizona operations to Jackson, Mississippi. Michigan has two disadvantages compared to Mississippi. Although Unified Brands just finalized a new contract with the local union that resulted in reduced wages, other fringe benefits and labor costs remain higher in Michigan. The negotiation resulted in an initial reduction in wages, but average wages ramp up quickly within 5 years. The second financial disadvantage for locating in Michigan is higher taxes compared to Mississippi.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 158 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for the Unified Brands, Inc. and recommends approval of a standard employment credit for seven years.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-99, authorizing a MEGA tax credit for Unified Brands, Inc., was adopted.

ACTION ITEM

Accuri Cytometers, Inc.
173 Parkland Plaza
Ann Arbor, Michigan 48103

Karen Lee introduced Jennifer Baird and Steve Calef with Accuri Cytometers, Inc. along with Tim Robinson from Ann Arbor SPARK. Ms. Baird described the company for the board. Accuri Cytometers, Inc. is an Ann-Arbor based life science "research tool" company developing revolutionary high performance cell analysis systems designed to bring the power of flow cytometry into the labs of life sciences researchers everywhere. Reflecting the input of hundreds of researchers, the Accuri C6 Flow Cytometer™ is a full featured benchtop cell analysis system that provides all of the capabilities of industry-leading flow cytometers in an easy-to-use format and at a fraction of their cost. The Accuri system was engineered from the start to be compact, powerful and user-friendly, while also being affordable by most research laboratories. Accuri was established in September 2004 and began research and development operations in January 2005. The Accuri C6 Flow Cytometer System is currently in beta testing. The company employs 14 associates in Michigan.

Mr. Robinson discussed the local contribution for the board. The Township of Scio supports this expansion and has approved a personal property tax abatement for 12 years under PA198 of 1974. This abatement has an estimated value of $18,900.

Amy Deprez provided information about the project for the board. Accuri Cytometers, Inc, is planning on commercializing the Accuri C6 Flow Cytometer™ in 2008 and must decide whether to contract the manufacturing to a business located in Colorado or manufacture the product in-house. If the company decides to manufacture in-house, Accuri Cytometers would need to expand their current facilities, hire manufacturing and support staff, and invest in the necessary equipment, fixtures, and computers. The proposed project would create a total of 88 jobs over the next five years, paying an average weekly wage of $915 and would include a total capital investment of over $2 million.

It is estimated that this facility will generate a total of 215 jobs in the state by the year 2017. Total state government revenues through the year 2017, would be increased by $7.6 million due to the presence of this facility.

Accuri Cytometers could lease additional space at their current location to accommodate this proposed project. The company would need to invest in leasehold improvements and machinery and equipment in order to manufacture the product in Michigan. Alternatively, the company has identified a contract manufacturer in Colorado that already has the infrastructure and personnel capacity to absorb this project.

The company is a qualified high-technology business, whose primary business activity is life sciences technology, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 88 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for Accuri Cytometers, Inc. and recommends approval of a high-technology employment credit for 10 years

Hearing no further discussion, a motion was made and supported, and Resolution 2007-100, authorizing a MEGA high-technology employment tax credit for Accuri Cytometers, Inc., was adopted.

ACTION ITEM

Danotek Motion Technologies
7885 Jackson Road
Ann Arbor, Michigan 48103

Karen Lee introduced Carla Glaze with Danotek Motion Technologies and Tim Robinson from Ann Arbor SPARK. Ms. Glaze described the company for the board. Danotek Motion Technologies is a high-technology-based company developing state of the art variable speed technologies for generators and electronically controlled motors with applications in power generation and advanced automotive design. Danotek has four patent-pending applications and five disclosures with regard to its permanent magnet generator and motor technology. Danotek has successfully applied its technology for wind power generation, cogeneration, automotive fuel cells, electrical vehicle specialty pumps, and the fan market. Danotek's primary focus is the wind energy and advanced automotive markets.

Danotek was established in November 2000 to serve the transportation, energy and medical markets through development and production of innovations in advanced motor, generator, and integrated control technologies. The company is currently located in Scio Township and employs 8 associates.

Mr. Robinson discussed the local contribution for the board. The Township of Pittsfield supports this expansion and anticipates approval on January 8, 2008 of a 50% abatement for seven years on personal property taxes under PA198 of 1974. This abatement has an estimated value of $41,600.

Amy Deprez provided information about the project for the board. Danotek Motion Technologies plans to manufacture a variable speed Permanent Magnet (PM) generator for use with Wind Turbines. To accommodate this expansion, the company has identified and plans to relocate to a facility in Pittsfield Township. Their current leased facility will not accommodate this expansion project and all employees will be transferred to the new location. The proposed project would create a total of 141 jobs over the next five years, paying an average weekly wage of $949. It would also include a total capital investment of over $7.8 million during the next five years.

In order to accommodate this project, Danotek Motion Technologies could expand their operations in Michigan, which would require leasehold improvements and the purchase of $4.7 million in machinery and equipment.

It is estimated that this facility will generate a total of 313 jobs in the state by the year 2017. Total state government revenues through the year 2017, would be increased by $7.3 million due to the presence of this facility.

The company is considering Indiana and has received an offer including city and state incentives as well as grant money. Additionally, Danotek finds that the tax burden on Michigan companies is several points higher than in other states and that the economy in Michigan makes it difficult to attract good talent in the engineering and research and development fields.

The company is a qualified high-technology business, whose primary business activity is alternative energy technology, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 141 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for Danotek Motion Technologies and recommends approval of a high-technology employment tax credit for 10 years.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-101, authorizing a MEGA high-technology employment tax credit for Danotek Motion Technologies, was adopted.

ACTION ITEM

ProQuest LLC
789 Eisenhower Parkway
Post Office Box 1346
Ann Arbor, Michigan 48106-1346

Karen Lee introduced Elliot Forsyth, Sam Avery, and Martin Kahn with ProQuest LLC as well as Tim Robinson from Ann Arbor SPARK. Mr. Kahn described the company for the board. ProQuest LLC was founding in Ann Arbor, Michigan by University Microfilm, Inc., in 1938. In February 2007, ProQuest was acquired by Cambridge Information Group (CIG). ProQuest provides seamless access to and navigation of more than 125 billion digital pages of the world's scholarship documents, delivering content to the desktop and into the workflow of serious researchers in multiple fields, from arts, literature, and social science to science, technology, and medicine. ProQuest LLC employs 478 associates in Michigan.

Mr. Robinson discussed the local contribution for the board. The City of Ann Arbor has proposed a 50% abatement of the company's new real and personal property taxes under PA 198 for up to 12 years. The property tax abatement application is scheduled to be presented to city council at its January meeting. The estimated value of this abatement is $1.2 million.

Toni Brownfield provided information about the project for the board. CIG is a privately owned group of information services and publishing companies and educational institutions. Founded in 1971, the CIG companies are headquartered in Bethesda, Maryland, and currently have over 1700 employees in their operating companies located throughout the world. CIG is considering where to consolidate the headquarters of its portfolio companies engaged in digital information collection and dissemination. Should CIG choose to consolidate the headquarters of these companies in Michigan, the consolidation will require an initial capital investment of approximately $6.5 million for build out of a new data center, with a total 5-year investment of up to $19 million. ProQuest is proposing the consolidation at its existing leased facility in the City of Ann Arbor, Washtenaw County. Over the course of the next five years, ProQuest expects to create up to 303 new jobs, paying an average weekly wage of $1,747.

It is estimated that this facility will generate a total of 809 jobs in the state by the year 2018. Total state government revenues through the year 2018, would be increased by $19.2 million due to the presence of this facility.

CIG's principals are located in Maryland and New York. Various holding company functions exist in Bethesda, where CIG already has unoccupied leased space that would accommodate the project. The lease rate in Maryland is more favorable than the Michigan lease rate, and operations would be closer to the owners for a more centralized management team.

The company is a qualified high-technology business, whose primary business activity is advanced computing, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 303 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for ProQuest LLC and recommends approval of a high-technology employment credit for 10 years.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-102, authorizing a MEGA high-technology tax credit for ProQuest LLC, was adopted.

ACTION ITEM

The Dow Chemical Company
2030 Dow Center
Midland, Michigan 48674

Brenda Flory introduced Lowell McLaughlin and Tom Knoll with Dow Chemical Company along with Jack Duso from the City of Midland, and Scott Walker from Midland Tomorrow. Mr. McLaughlin described the project for the board. The proposed project is an expansion of existing Dow Chemical's Michigan Operations in the City of Midland. The project includes the renovation of three buildings, approximately 85,200 square feet of space, in order for the company to undertake a new automotive filter manufacturing project. The project will produce Monolithic Diesel Particulate Filters that will serve the North American light and medium duty truck market segment. The new filters will provide The Dow Chemical Company with a market solution for newly implemented regulations that will force virtually all new diesel vehicles to meet more stringent North American Emission Control Legislation being implemented for 2010. The project is expected to cost approximately $117 million in project capital and eligible investment.

The proposed project will create approximately 55 new full-time jobs with an average hourly wage of $20.00 plus benefits. The company currently employs 43,000 + people worldwide. The Dow Chemical Company is a diversified chemical company that harnesses the power of innovation, science and technology to constantly improve what is essential to human progress.

Mr. Walker discussed the local contribution for the board. The City of Midland granted a PA 198 New Facility Tax Abatement on October 1, 2007. The estimated value of this abatement is $4,563,193 over the 12 year term.

Amy Deprez provided additional information about the project for the board. The project is located within the boundaries of the City of Midland, a qualified local governmental unit, and has been deemed functionally obsolete, as verified by a Level III assessor. The property is the subject of a Brownfield Plan, duly approved by the City of Midland on October 1, 2007.

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

The project will result in a significant expansion of workforce and tax base in a qualified local government unit. In addition, the project will allow continued use of the Michigan Operations Manufacturing Site, which has been in operation for more than 100 years. Without the rehabilitation and reuse of the three functionally obsolete structures they would likely be demolished, or at best, utilized as warehouse space, further eroding the tax base.

The structures will be renovated to support production of the Diesel Particulate Filters using Dow Chemical Company's Acicular Mullite technology. The renovated structures will house the main production facility, as well as productions offices, a library, an operation control room, and an in-process lab. The company anticipates extensive demolition of equipment, piping, and electrical equipment in order to reuse the existing structures. In addition, eligible investments include replacing partial failing roof, siding and structural steel, and upgrade obsolete primary control center, ventilation and laboratory to meet modern design standards. Such costs are not associated with greenfield construction.

The eligible investment to be undertaken by The Dow Chemical Company includes:

Demolition	$ 1,500,000
Site Improvements	450,000
New Construction	3,200,000
Restoration, Alteration, Renovation, and Improvement of Buildings	7,000,000
Addition of Machinery & Equipment	+ 105,150,000
	$ 117,300,000

Recommendation

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

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield SBT redevelopment tax credit request for The Dow Chemical Company and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-103, authorizing a brownfield redevelopment tax credit for The Dow Chemical Company, was adopted.

ACTION ITEM

FRBD, LLC
10618 SE Kent-Kangley Road
Kent, Washington 98030

Jim Paquet introduced Mike Finn with FRBD, LLC, Corey Leon with AKT Peerless, and Mariangela Pledl from the City of Detroit Brownfield Redevelopment Authority. Mr. Leon described the project for the board. The project is the redevelopment of the former Federal Reserve Building at 160 West Fort Street in the Detroit Central Business District. The building which was constructed in two parts is on a single parcel at the NE corner of Fort and Shelby Street. The original four story building was constructed in 1927. In the early 1950's a nine story office tower was added. The office tower was designed by Minoru Yamasaki (designer of the World Trade Center) and was the first example of Modern Movement architecture in Detroit. The redevelopment will preserve the historic building. The building has been vacant since 2005 and qualifies as a facility. The project will convert the building to 84 one and two-bedroom apartment units and 4,000 square feet of retail/commercial space. Total investment is expected to top $20.25 million with eligible investments of $13,830,583.

Mr. Paquet provided additional information about the project for the board. The project is located within the boundaries of the City of Detroit, a qualified local governmental unit. The property qualifies as facility, as verified by the Department of Environmental Quality, and is the subject of a brownfield plan, duly approved by the City of Detroit on November 13, 2007. The applicant is a qualified taxpayer that owns the eligible property.

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

The project will establish a quality living environment and counter the existing deterioration and blight still present in the Central Business District. The project will increase the residential concentration and contribute to 24-hour activity in the area while providing quality housing, retail space and job opportunities downtown.

Approximately 10 to 12 permanent retail/commercial and property management jobs paying an average of $10 to $12.50 per hour will be created by the project. Estimates of the number of construction jobs are not available, but the construction period will last approximately 24 months. The unemployment rate (unadjusted) for the City of Detroit was 15.0% in October of 2007, more than double the statewide seasonally adjusted rate of 7.7% in the same period.

The project will seek designation as a Neighborhood Enterprise Zone and has applied for historic tax credits and will receive a Downtown Development Grant of $150,000.

The eligible investment to be undertaken by FRBD, LLC include:

Site Improvements	$ 1,300,000
Restoration and Renovation	$ 12,530,583
	$ 13,830,583

Recommendation

The brownfield redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Tax Credit of 10% of the eligible investment, not to exceed a $1,383,058 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield SBT redevelopment tax credit request for FRBD, LLC and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-104, authorizing a brownfield redevelopment tax credit for FRBD, LLC, was adopted.

ACTION ITEM

Gardenview Homes I LDHA, LLC
Gardenview Homes II LDHA, LLC
Gardenview Homes III LDHA, LLC

Jim Paquet introduced Lori Harris with Gardenview Homes, Richard A. Barr with Honigman Miller Schwartz and Cohn LLP, and Mariangela Pledl from the City of Detroit Brownfield Redevelopment Authority. Ms. Harris discussed the project for the board. The project is the multi-phase redevelopment of the former Herman Gardens Public Housing Complex site in northwest Detroit at the southeast corner of Joy Road and the Southfield Freeway. The 149 acre site is mostly vacant as the former housing projects having been demolished. The site is a facility due to the presence of contaminated fill materials scattered throughout the site.

The overall plan approved by the Detroit Housing Commission is a $227.2 million mixed use, mixed income development that includes 920 housing units; commercial/retail space for the development and adjacent neighborhoods; a central park and the recently completed NFL Boys and Girls Club. The housing will be 52% market rate and 48% subsidized.

This SBT application relates to the initial 186 rental units that will be completed in three phases over the next four to five years. Phase 1 is 96 units, Phase 2A is 45 units, and Phase 2B is 45 units, with total eligible investment of $39,272,315. The one, two and three-bedroom units will rent from $175 to $803 for the subsidized units.

Norstar Development USA, the Albany, New York based developer, was chosen by the Detroit Housing Commission through a RFP process to develop the rental housing. It has extensive experience with similar projects in several states. The project will be financed with a combination of low income housing tax credit equity and mortgage financing from MSHDA and/or Hope VI funds, a federal grant program that has provided $24 million to the Detroit Housing Commission to assist the overall project.

Ms. Pledl discussed the local contribution for the board. The City of Detroit Building Authority will provide streets, water, storm and sanitary sewers, gas electric and lighting for the total project at a cost of approximately $15,000,000. The city is expected to approve a PILOT on each of the three phases of the project. Assuming the property is assessed at cost, the property taxes saved will be $1.39 million a year.

Jim Paquet provided additional information about the project for the board. The project is located in the City of Detroit, a qualified local governmental unit. The property is a facility, as verified by the Department of Environmental Quality, and is the subject of a brownfield plan approved by the City of Detroit on October 9, 2007. The applicants are qualified taxpayers that have leases for the eligible property.

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

The redevelopment of the Herman Gardens site will create quality housing in new neighborhoods for mixed income families who will support commercial and retail developments in the area. The project will help reduce a long waiting list of people seeking safe, clean and affordable housing in Detroit.

In addition to temporary construction jobs, the project will result in the creation of five permanent property management and maintenance jobs paying $10 to $15 per hour. The unadjusted unemployment rate for the city of Detroit was 15.0% in September of 2007, more than double the state seasonally adjusted rate of 7.7% during the same period.

The master development entity is Norstar Development USA which has extensive experience in developing large affordable housing projects. The Detroit Housing Commission has committed $13.7 million of the $24.2 million in HUD HOPE VI funds available for the overall development to the three phases of this project. The $6 million equity for Phase I of the project has been committed by MMA Financial, which will purchase the Low Income Housing Tax Credits (LIHTCs) generated by the project. MMA is a leader nationally in financing HOPE VI and LIHTC projects, having provided $825 million of equity for over 90 projects comprised of more than 10,000 units. Application has been made to MSHDA for a $1.75 million loan and $76,000 in Home funds. Funding is expected to be approved in February. Based on the forgoing, the staff believes the project is financially and economically sound.

The eligible investment to be undertaken by the Qualified Taxpayers is as follows:

Phase I	Gardenview Homes I LDHA, LLC	$18,701,103
Phase 2a	Gardenview Homes II LDHA, LLC	$10,285,606
Phase 2b	Gardenview Homes III LDHA, LLC	$10,285,606
	Total	$39,272,315

Recommendation

The Brownfield Redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a $3,927,231 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield SBT redevelopment tax credit request for Gardenview Homes I, II, III LDHA, LLC, and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-105, authorizing a brownfield redevelopment tax credit for Gardenview Homes I, II, III LDHA, LLC, was adopted.

ACTION ITEM

Woodward SA Ventures, LLC
Woodward SA-PK, LLC
Woodward Theatre, LLC
731 St. Antoine
Detroit, Michigan 48226

Jim Paquet introduced George Stewart and Michael Byrd from Woodward SA Ventures along with Mariangela Pledl from the City of Detroit Brownfield Redevelopment Authority. Mr. Stewart described the project for the board. The project is the commercial redevelopment of a blighted block on the west side of Woodward Avenue between Mack and Warren. It includes the historic rehabilitation of two buildings and the demolition and replacement of two others. All the buildings are currently vacant. The historic restoration of the Garden Theatre and the Blue Moon Building will bookend the new construction. The 37,000 square foot Garden Theatre will be returned to its original use. The Blue Moon will house 4,900 square foot of restaurant space. New construction will consist of a three-story, 22,000 square foot structure compatible with the historic buildings. The first floor will be retail and the upper floors commercial. The buildings will screen a three story, privately owned, 300 space parking garage that will provide parking for the development and the surrounding area.

The project has three elements that will be separately financed. Each will be completed by one of the three related qualified taxpayers. The parking structure will be constructed by Woodward SA-PK, LLC at a total cost of $9,956,049 including eligible investment of $7,604,738. The Blue Moon Building restoration and the new construction at mid-block will be completed by Woodward SA Ventures, LLC. The estimated total cost is $7,098,109 with eligible investments of $4,796,245. The Garden Theater historic restoration will cost $11,700,100, including $9,934,027 in eligible investment, and be completed by Woodward Theatre, LLC.

The properties are functionally obsolete. The historic buildings will require replacement of plumbing, electrical and mechanical systems, new windows and potentially roofs. The parking deck will replace a surface lot that is expected to conceal historic foundations and debris.

The completed project will provide 202 retail, commercial, and management jobs. Total project costs are estimated at $28,754,258. Eligible investment is estimated at $22,335,009. The project is seeking a $2,233,501 credit.

Jim Paquet provided additional information about the project for the board. The project is located in the City of Detroit, a qualified local governmental unit. The property is functionally obsolete as attested to by a Level III Assessor and is the subject of a brownfield plan approved by the City of Detroit on November 13, 2007. The applicants are qualified taxpayers that have executed leases for the eligible property.

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

The project will redevelop one of the last blighted blocks on Woodward Ave between Mack and Warren. It will add to the diversity, stability, and safety of the area while creating a substantial number of new jobs and expanding the tax base. The reopened theater will be a cultural destination for people living within and outside the city, adding to the vitality of Midtown.

Each of the applicants is a single purpose entity formed to complete a portion of the project and as such, none has an operating or financial history. The financing for the project is substantially in place. A $19,000,000 HUD Section 108 loan has been approved and will provide debt for all three parts of the project. New Market Tax Credits have been committed and will complete financing of the parking ramp. Although the NMTCs are being pursued on the other two elements, the developer intends to close on the Blue Moon/New Construction portion of the project in early 2008 whether the credits are in place or not. The developer will fund any gap with additional equity and by deferring its development fee. The Blue Moon (and the Theater segment) will also benefit from Historic Tax Credits. Staff has also reviewed the financial statements of George Stewart the Managing Member of the developer. Based on the forgoing, staff is comfortable the project is financially feasible.

The property is in a Neighborhood Enterprise Zone, and is an Obsolete Property Rehabilitation District. The developer will apply for an OPRA certificate.

<u>ELIGIBLE INVESTMENT BREAKDOWN:</u>

New Construction	$11,423,937
Building Renovation	<u>$10,911,072</u>
Total	$22,335,009

<u>Recommendation</u>

The Brownfield Redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a $2,233,501 credit.

<u>Board Discussion</u>

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield SBT redevelopment tax credit request for the North Woodward Garden Block Development and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-106, authorizing a brownfield redevelopment tax credit for the North Woodward Garden Block Development, was adopted.

<u>ACTION ITEM</u>

Piquette Square LDHA, LP
Southwest Housing Solutions
1920 25th Street
Detroit, Michigan 48216

Jim Paquet introduced Steve Gabrys with the Southwest Housing Solutions, Corey Leon with AKT Peerless and Mariangela Pledl from the Detroit Brownfield Redevelopment Authority. Mr. Gabrys described the project for the board. This project is the redevelopment of the former site of the Studebaker manufacturing facility (1921-1937), the Detroit Artillery Armory (1937-1949), and a succession of industrial occupants since then. In 2005 it housed a meat market, a warehouse and an auto repair facility when it was destroyed by fire and demolished. The eligible property, a single parcel of 3.5 acres, is a facility that contains contaminants to a depth of 20 feet, historic fill, and underground storage tanks.

The redevelopment will involve construction of a three story building with 150 units of supportive housing targeted for homeless veterans. Units will rent for an average of $663 per month. The ground floor along Piquette Street will contain 5,000 square foot of retail/commercial space. There will be 11,000 square feet of common space including 6,000 square feet devoted to tenant services and programming. Two new jobs will be created paying $30,000 to $35,000 per year. An additional 20 jobs will be created in the retail/ commercial space. Total project costs are expected to top $20 million. Eligible investment is estimated at $17,798,117, mostly for new construction, with about $600,000 earmarked for machinery and equipment.

Jim Paquet provided additional information about the project for the board. The project is located in the City of Detroit, a qualified local governmental unit. The property is a facility, as verified by the Department of Environmental Quality and is the subject of a brownfield plan approved by the City of Detroit on November 13, 2007. The applicants are qualified taxpayers the either own or lease the eligible property.

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

There are an estimated 15,000 homeless people in Detroit, 3,600 of which are veterans. Piquette Square will provide the next step in housing for persons that have participated in transition housing programs and other homeless services provided by the Veterans Administration and non-profit organizations. It will be the first quality permanent housing option for the homeless in Detroit. The supportive services provided on site will include health, mental health, rehabilitation, substance abuse treatment, skills training and continuing education.

Numerous contaminates exist on the site. The estimated cost of due care and remediation ranges from $350,000 to $550,000 depending on the clean-up criteria applied. The developer will absorb the costs.

The project is a high priority for MSHDA and has been approved for a 40 year, 1% loan. It will also receive funding from the Authority's Office of Supportive Housing and Homeless Initiatives.

The property is in a Renaissance Zone that expires December 31, 2008. The project will be subject to a 4% PILOT reducing its property taxes. Wayne County will provide $320,000 in a combination of grant and loan for environmental costs.

ELIGIBLE INVESTMENT BREAKDOWN:

New Construction	$17,205,517
New Machinery & Equipment	$ 592,600
Total	$17,798,117

Recommendation

The Brownfield Redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a $1,779,812 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield SBT redevelopment tax credit request for Piquette Square LDHA, LP and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-107, authorizing a brownfield redevelopment tax credit for Piquette Square LDHA, LP and Southwest Housing Solutions, was adopted.

ACTION ITEM

Urban Development Company, LLC
407 East Front Street, Suite 103
Detroit, Michigan 48226

Jim Paquet introduced Mark Wilcox with Urban Development Company, LLC, Corey Leon with AKT Peerless, and Mariangela Pledl from the Detroit Brownfield Redevelopment Authority. Mr. Wilcox described the project for the board. This project is the redevelopment of the former Globe Trading Building directly north of the marina in Tri Centennial State Park at 1801-1803 Atwater. The site has been occupied by a succession of industrial operations since the Dry Dock Company and Engine Works were constructed in 1867 to build ships and marine engines and boilers. The building, last used as a warehouse, has been vacant since 1997. The eligible property is a single parcel covering approximately 1.35 acres. The property is a facility, is tax reverted, and is owned by the City of Detroit.

The project is a mixed-use redevelopment and historically sensitive restoration of the building into 87 indoor parking spaces and 20,000 square feet of retail/commercial space on the ground floor and 28 loft residences on the second and third floors. The lofts will range from 800 to 2400 square feet and be priced from $170,000 to $400,000. The commercial space will employ 50 to 75 people at an average wage from $10 to $12.50 per hour. The Michigan Department of Natural Resources has indicated an interest in locating a Visitor's Center for the state park in the building and the developer is seeking retail tenants for the parkside/dockside and streetside retail space. The restored building will be adjacent to the proposed Dequindre Cut green space that will eventually link the Riverfront to Eastern Market.

Total project costs are expected to top $17 million, of which an estimated $15,880,000 will be eligible investments. Eligible activities costs are estimated at $900,000 and will be borne by the developer.

Jim Paquet provided additional information about the project for the board. The project is located in the City of Detroit, a qualified local governmental unit. The property is blighted and a facility, as verified by the Department of Environmental Quality, and is the subject of a brownfield plan approved by the City of Detroit on November 13, 2007. The applicant is a qualified taxpayer that leases the eligible property.

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

The redevelopment of the Globe Building is another step in the reclamation of Detroit's industrial East Riverfront. It will create a new urban neighborhood with 24 hour street presence. In addition to more modestly priced residences than we have seen in other riverfront developments, retail and commercial space will increase activity in the area.

Urban Development, LLC is a single purpose entity formed for the purpose of completing the project and as such it has a limited financial and operating history. The principals in the LLC are Mark Wilcox and Christopher Hajek. Mr. Wilcox has 30 years of construction and development experience, primarily in Detroit, and has partnered in numerous loft development projects. Mr. Hajek has partnered with Mr. Wilcox in the past, most recently on the Grinnell Place which has been very successful. Staff has reviewed the personal financial statements of the principals and although no bank financing has been committed, the financial strength and track record of the development team provides confidence that the project is financially sound.

Currently, the vacant Globe Building is a blight on the East Riverfront District generating no tax revenue for the state or city. By supporting this redevelopment project, a historically significant building will be restored, 24 hour population density will be increased in the area, jobs will be created, and income, property, and sales taxes will be generated.

The property is in a Neighborhood enterprise Zone.

The eligible investment to be undertaken by Urban Development Company, LLC includes:
Building Restoration and Renovation $15,880,000

Recommendation

The Brownfield Redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a $1,588,000 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield SBT redevelopment tax credit request for Urban Development Company, LLC and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-108, authorizing a brownfield redevelopment tax credit for Urban Development Company, LLC, was adopted.

ACTION ITEM

Argonaut Campus Developer, LLC
201 E. Kirby St
Detroit, Michigan 48202

City of Detroit Brownfield Redevelopment Authority
Argonaut Building Redevelopment Project

Jim Paquet introduced Sherry Ocelnik with General Motors Worldwide Real Estate, Richard Rogers with the College for Creative Studies, Richard Barr with Honigman Miller Schwartz and Cohn, LLP along with Mariangela Pledl from the Detroit Brownfield Redevelopment Authority. Mr. Barr described the project for the board. This project is the redevelopment of the Argonaut Building in Detroit's New Center area. Located at 435 Milwaukee Ave., it is a block south of the former General Motors Headquarters, Cadillac Place, which is now a state office building. The 11-story Art Deco structure was designed by Albert Kahn and built between 1928 and 1930. The building has been vacant for five years and is deteriorating. It was determined to be functionally obsolete in 2004.

The project is a joint venture of General Motors and the College for Creative Studies (CCS). It will be a mixed-use redevelopment and historically sensitive restoration of the building into a campus for art and design education through CCS. CCS is a four year college offering a Bachelors Degree in Fine Arts in eleven different studio arts. Its current enrollment is 1,307 from 33 states and 17 countries. The current CCS campus is in Midtown just east of the Detroit Institute of Arts and will be maintained after this expansion.

The redeveloped Argonaut will house a 500,000 square foot, integrated educational community including: the CCS graduate program; dormitory facilities for 261 students; additional studios; and art and design programs for middle and high school students. Another 60,000 square feet will be occupied by compatible retail and office space for non-profit organizations. Finally, 40,000 square foot of space will be used as incubator/accelerator for start-up businesses in design and creative arts.

Total eligible investment is expected to be about $113.9 million, the bulk of which, $110.8 million, will be for renovation expenses. The project is requesting a $10 million SBT credit and MEGA TIF Eligible activities costs reimbursement of $11,200,000.

Jim Paquet provided additional information about the project for the board. The project is located in the City of Detroit, a qualified local governmental unit. The property is functionally obsolete as attested to by a Level IV Assessor and is the subject of a restated and amended brownfield plan approved by the City of Detroit on November 13, 2007. The applicant is a qualified taxpayer that leases the eligible property.

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

The redevelopment of the Argonaut Building is another step in the revitalization of the New Center area. In addition to preserving a piece of architectural and automotive history, the project will create a new urban neighborhood of commuting students, faculty, and residents contributing to a 24/7 environment, increased retail activity, and a new ambience. The design accelerator will add creative entrepreneurs to the mix.

Argonaut Campus Developer, LLC is a single purpose entity formed for the purpose of completing the project and as such it has no financial or operating history. The LLC is a 50/50 joint venture of General Motors and the College for Creative Studies. Staff has reviewed the financial statements of the principals as well as documentation of financing sources for the project and believes the project is financially sound.

Substantial support will be provided by General Motors, which remains committed to the New Center area.

The property is in a Smart Zone/LDFA district but the TIF associated with that status is not expected to significantly impact tax capture under the brownfield plan. It is also in a Federal Empowerment Zone and was subject to an approved Neighborhood Enterprise Zone (NEZ). However, due to the change in scope of the project from residential to commercial, the NEZ will no longer benefit this development. Seven OPRA certificates are in effect on the building and are expected to be transferred to the project. Several of the certificates include a 50% exemption from school taxes. A new OPRA certificate that includes exemption from school taxes will be sought on the parking deck which will also undergo substantial rehabilitation.

<u>COSTS OF ELIGIBLE INVESTMENTS:</u>

Site Improvements	$ 743,821
Building Restoration and Renovation	$ 110,783,988
Machinery and Equipment	$ 2,381,325
TOTAL	$ 113,909,134

AMENDED COST OF MEGA ELIGIBLE ACTIVITIES:

	Revised	Original Approval
Infrastructure Improvements	$ 675,581	$ 394,000
Demolition, Lead and Asbestos	$ 8,386,424	$ 7,071,000
Site Preparation	$ 709,110	$ 150,000
Subtotal	$ 9,771,115	$ 7,615,000
Contingency	$ 1,411,885	$ 1,142,250
Work Plan Prep and Review	$ 17,000	$ 11,000
TOTAL	$ 11,200,000	$ 8,768,250

There are 65.5533 mills available for capture, with school millage equaling 24 mills (37%) and local millage equaling 45.5533 mills (63%). However, the property is located in a SmartZone that is set to expire in 2014 and will limit school capture to one-half of the available 24 school mills (12 mills) and one-half of the available 3.4643 ISD mills (1.7322). In addition, there are several OPRA certificates that will affect total capture for portions of this project until the last certificate is set to expire in 2019. The recommended tax capture breaks down as follows:

2008-2014 (SmartZone and/or OPRA)

School tax capture (99%)	$ 2,208,668
Local tax capture (1%)	$ 2,158
TOTAL	$ 2,210,826

2015-2019 (OPRA)

School tax capture (61%)	$ 4,977,544
Local tax capture (39%)	$ 3,187,721
TOTAL	$ 8,165,265

2020

School tax capture (37%)	$ 301,645
Local tax capture (63%)	$ 522,264
TOTAL	$ 823,909

TOTAL OVERALL CAPTURE:

School tax capture (67%)	$ 7,487,857
Local tax capture (33%)	$ 3,712,143
TOTAL	$ 11,200,000

COSTS OF ELIGIBLE INVESTMENTS:

Site Improvements	$ 743,821
Restoration and Renovation	$ 110,783,988
Machinery and Equipment	$ 2,381,325
TOTAL	$ 113,909,134

The applicant is limiting its credit request to $10,000,000.

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $11,200,000 described above. Utilizing the estimated state to local capture ratios throughout the TIF capture period, the amount of school tax capture for this project is estimated at $7,487,857.

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

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the requested tax capture amendment and approval of the brownfield SBT redevelopment tax credit for the City of Detroit Brownfield Redevelopment Authority Argonaut Campus Developer, LLC and recommends approval.

Hearing no further discussion, a motion was made and supported to approve Resolution 2007-109, authorizing an amendment to rescind Resolution 2005-02 for Midway Corporate Plaza, LLC, Resolution 2007-110 authorizing an amendment to Resolution 2005-67 for the City of Detroit Brownfield Redevelopment's Argonaut Redevelopment Project, and Resolution 2007-11 authorizing a brownfield redevelopment tax credit for Argonaut Campus Developer, LLC, were adopted.

ACTION ITEM

Dearborn Village Partners, LLC
2821 Fort Street
Wyandotte, Michigan 48192

Dearborn Brownfield Redevelopment Authority
Dearborn Village Partners, LLC

Peter Anastor introduced Hakim Fahkoury, James Parrelly, John Conti with Dearborn Village Partners, LLC and Barry Murray with the City of Dearborn Community and Economic Development. Mr. Fahkoury described the project for the board. The project consists of commercial, residential, and mixed use development across 12 parcels of property along Michigan Avenue, between Military and Howard Streets, in the City of Dearborn. The project will continue the redevelopment within the City of Dearborn's West DDA district fronting Michigan Avenue. The project will include the complete renovation of over one city block in Downtown Dearborn. The project will lead to the demolition and new construction of mixed-use retail and housing on most of the property facing Michigan Avenue, Dearborn's main street. The project will also include the construction of two, 10-story condominium towers that will provide 256 residential units. The new residential and commercial units will be supported with an integrated tri-level 881 parking deck, built below the mid-rise condos. The completion of the revitalized retail portion of this project is estimated to create as many as 350 permanent jobs within the community.

The project will be completed in six phases and will lead to a total investment of $125 million. Phase I is for the construction of a new 2-story building at 22190 Michigan Avenue with first floor market retail and 5 apartments on the second floor; total Eligible Investment $3.5 million. Phase II will construct a new six to eight screen multiplex cinema at 22350 Michigan Avenue; total Eligible Investment $6.5 million. Phase III includes the construction of a new 4-story building at 22236 Michigan Avenue with first floor retail and apartments on the above floors; total Eligible Investment $6.5 million. Phases IV and V each call for the construction of 128 condo units sitting above a public parking deck, with 8,000 square feet of retail in adjacent courtyard on a former City of Dearborn surface parking lot; total Eligible Investment is $37.5 million for each phase.

Mr. Murray discussed the local contribution for the board. The West Dearborn Downtown Development Authority (WDDDA) will provide support to the project in the amount of $42.5 million to support the public infrastructure activities related to the Dearborn Village Partners project. This support was approved by the WDDDA on December 6, 2007.

Peter Anastor provided additional information about the project for the board. The project is located within the boundaries of the City of Dearborn, a qualified local governmental unit and has been deemed functionally obsolete as verified by a level III assessor. The property is the subject of a brownfield plan, duly approved by the City of Dearborn on November 14, 2007. The applicant is a qualified taxpayer that leases the eligible properties.

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

The City of Dearborn West DDA district has recently experienced investment in commercial and retail sectors. However, the area remains largely one dimensional, containing primary restaurants. The new development will bring in entertainment and retail services for the over 250 residential condo units being constructed. The diversified mixed-use development is crucial to have a thriving urban core or residents who live and work in their community. Additionally, DDA guidelines will be met for the project by providing generous incentives to complete the project.

The City of Dearborn is highly motivated to see this project move forward. The community has been aggressively seeking redevelopment of their downtown areas and this project would culminate a long process to redevelop the downtown areas.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	$ 919,000
Infrastructure Improvements	$ 29,600,000
Sub-Total	$ 30,519,000
MEGA Work Plan Prep & Review	$ 6,000
Contingency	$ 2,000,000
Interest (6%)	$ 13,647,084
TOTAL	$ 46,172,084

Since a majority of property is located within the City of Dearborn West DDA, there are 30.4643 mills available for capture on non-homestead properties, including 24 mills (79%) of school tax capture and 6.4643 mills (21%) of local tax capture. and 17.5053 mills available for capture on homestead properties, including 6 mills (34%) of school tax capture and 11.5053 mills (66%) of local tax capture. It is estimated that approximately 60.5% of the capture is from homestead properties. The overall estimated tax capture breaks down as follows:

School tax capture (51%)	$ 23,527,919
Local tax capture (49%)	$ 22,644,165
TOTAL	$ 46,172,084

COST OF ELIGIBLE INVESTMENTS:

Phase I – New Construction	$ 3,500,000
Phase II – New Construction	6,500,000
Phase III –New Construction	6,500,000
Phase IV – New Construction	37,500,000
Phase V –New Construction	37,500,000
TOTAL	$ 91,500,000

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $46,172,084 described above. Utilizing the estimated state to local capture ratios, the amount of school tax capture for this project is estimated at $23,527,919.

The Brownfield Redevelopment staff also recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a $9,150,000 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the requested tax capture and brownfield SBT redevelopment tax credit for the City of Dearborn Brownfield Redevelopment Authority for the Detroit Village Partners, LLC project and recommends approval.

A motion was made and supported, and Resolution 2007-112, authorizing the capture of local and school operating taxes for City of Dearborn Brownfield Redevelopment Authority for the Dearborn Village Partners, LLC redevelopment project was adopted.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-113, authorizing a brownfield redevelopment tax credit for Dearborn Village Partners, LLC, was adopted.

ACTION ITEM

City of Detroit Brownfield Redevelopment Authority
Tireman II Associates, LLC

Jim Paquet introduced Bill Wild with Parts Galore, Alexandria Rion with Golder Associates, Inc. and Mariangela Pledl from the City of Detroit Brownfield Redevelopment Authority. Mr. Wild described the project for the board. The project is the redevelopment of four contiguous properties comprising 7.3 acres at the corner of Tireman and Epworth Streets in northwest Detroit. All four properties have had a series of industrial uses and each is a facility. The project will demolish two blighted buildings, renovate two viable ones, remove debris, and remediate contaminated soils. The property will be used to expand a related business, Parts Galore, a retail auto parts salvage operation. The land cleared by the demolition will be used to expand the staging area for vehicles awaiting environmental processing, adding seven to ten jobs. A 65,000 square foot building will be rehabilitated and used as a storage building. A smaller building will house a new towing company to support the parent company's operations throughout Southeast Michigan and will create at least fifteen jobs. Total investment in the project will be $1.97 million, net of land costs.

Jim Paquet provided additional information about the project for the board. The project is located within the boundaries of the City of Detroit, a qualified local governmental unit and has been deemed a facility, as verified by the Department of Environmental Quality. The property is the subject of a brownfield plan, duly approved by the City of Detroit on October 23, 2007.

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

The project will allow for redevelopment of abandoned, blighted and contaminated site in northwest Detroit and will enhance the aesthetics of the area, contribute to the tax base and reclaim a contaminated site.

The proposed redevelopment will create approximately 22 permanent jobs paying $10 or more an hour in addition to temporary construction jobs. The unadjusted unemployment rate for the city of Detroit was 14.4% in September of 2007, more than double the state rate of 7% during the same period.

A work plan will be submitted to the MDEQ requesting state tax capture for reimbursement of approximately $98,000 of eligible activities. An SBT credit of $127,040 is also being requested for the project.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	$	368,600
Asbestos Abatement		168,500
Infrastructure Improvements		120,200
Site Preparation	+	90,000
Subtotal	$	747,300
Work Plan Prep and Review	+	6,000
TOTAL	$	753,300

There are 65.5533 mills available for capture, with school millage equaling 24 mills (37%) and local millage equaling 41.5533 mills (63%). There is an approved TURBO in place for the first five years of capture. The recommended tax capture breaks down as follows:

School tax capture (37%)	$	278,721
Local tax capture (63%)	$	474,579
TOTAL	$	753,300

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $753,300, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $278,721.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan request from the City of Detroit for the Tireman II Associates, LLC project and recommends approval of school tax capture.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-114, authorizing the capture of local and school operating taxes for the City of Detroit Brownfield Redevelopment Authority for the Tireman II Associates, LLC project, was adopted.

ACTION ITEM

City of Detroit Brownfield Redevelopment Authority
Chene West Park Redevelopment Project

Peter Anastor introduced Ed Tinsley with the Spingarn Development, LLC, Steve Willobee with NTH Consultants, and Mariangela Pledl from the City of Detroit Brownfield Redevelopment Authority. Mr. Tinsley described the amendment request for the board. The City of Detroit's Brownfield Redevelopment Authority has submitted a Work Plan amendment request for the approval of $8,445,259 in local and school tax capture. The original Work Plan was approved at the November 14, 2006 MEGA Board meeting. The overall TIF costs have increased as a result of further site investigation. However, the overall scope of the project has not changed.

COST OF MEGA ELIGIBLE ACTIVITIES:	Revised	Original Approval
Infrastructure Improvements	$ 725,634	$ 334,800
Site Preparation	+ 3,851,746	+ 3,021,500
Sub-Total	$ 4,577,380	$ 3,356,300
Contingency (15%)	686,607	503,445
Debt Reserve	315,339	0
Interest (6%)	+ 2,865,933	+ 1,664,802
TOTAL	$ 8,445,259	$ 5,524,547

Peter Anastor provided additional information about the project for the board. The Chene West Park project is a residential redevelopment on a 2.5 acre parcel of property on the Detroit Riverfront. The proposed project would consist of a nine-story residential tower containing 95 condominium units, including parking garages on the first and second floor, plus two buildings containing three “City” homes (6 total units) and two buildings containing five “Marina” homes (10 total units). Since the project will be on the riverfront, an easement will be provided to allow for access and continuation of the Detroit Riverwalk. Residential units will be priced from $370,000 to $550,000.

The redevelopment will include certain building requirements to ensure that the architecture of the new buildings is compatible with the City’s requirements for waterfront developments. In addition, the redevelopment will also incorporate “green” building concepts including energy efficient design and water saving features.

The property is currently vacant following the demolition of a cement storage facility by the Michigan Department of Environmental Quality in cooperation with the City of Detroit.

The redevelopment of the property would require at least a $58 million private investment and will lead to the creation of four permanent building/grounds maintenance jobs. Average wage will range from $10 to $18/hour with a supervisor and three staff of varied skill levels. Additional temporary jobs include: two temporary/ building/residential unit repair jobs and 140 temporary construction jobs.

The project is located within the boundaries of the City of Detroit, a qualified local governmental unit, and has been deemed a facility, as verified by the Department of Environmental Quality, and is the subject of an amended brownfield plan, duly approved by the City of Detroit on November 13, 2007.

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

The overall benefit to the public will be the redevelopment of this historically industrial area into an attractive residential land-use in the City’s East Riverfront District. This redevelopment is part of the City’s East Riverfront Development Plan that focuses on pedestrian scaled and walkable urban village schemes, which seamlessly ties into the Riverwalk. Spingarn Development was selected through a competitive RFP, because their project achieved these goals. This project assists the community in redeveloping the riverfront and drawing new residents into the Downtown Detroit area. As a result of the private investment, this project will provide additional property tax revenue and redevelop an underutilized and blighted site.

Phase II Environmental Site Assessments (ESAs) concluded that the property is considered a “facility” as defined in Part 201 of the NREPA, PA Act 451 of 1994 as amended. Soil and groundwater contamination was detected in excess of MDEQ Part 201 Residential Cleanup Criteria (Groundwater-Surface Water Interface Protection, Drinking Water Protection and Direct Contact Criteria) throughout the property. It is estimated that the remaining cost for remediation are approximately $215,220.

The following financial resources will be used to finance this project:

Developer equity of $6,000,000 contributed in 2006.
Police and Fire Fund (Mezzanine Debt): $8,000,000
SBA 504 Debentures: $1,200,000
Bank Construction Loan: $44,000,000
In addition, the City will issue bonds for the project.

This project will be supported with a Neighborhood Enterprise Zone (NEZ) designation from the City of Detroit.

With the Homestead Property Tax exemption, there are 44.6305 mills available for capture with state school tax millage equaling 6 mills (14%) and local millage equaling 38.6305 (86%). However, during the first twelve years (starting 2007) of the project, a NEZ (Neighborhood Enterprise Zone) will limit the capture to a total of 11.1057 mills, including 1.5443 of state school tax capture and 9.5614 of local tax capture.

2009-2018 (NEZ:	
School tax capture (14%)	$ 444,102
Local tax capture (86%)	$ 2,749,625
TOTAL	$ 3,193,727
2019-2023:	
School tax capture (16%)	$ 839,786
Local tax capture (84%)	$ 4,411,744
TOTAL	$ 5,251,530
OVERALL:	
School tax capture (15%)	$ 1,283,889
Local tax capture (85%)	$ 7,161,370
TOTAL	$ 8,445,259

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $8,445,259, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $1,283,889.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed requested amendment for the City of Detroit Brownfield Redevelopment Authority’s Chene West Park Redevelopment and recommends approval.

Hearing no further discussion, motions were made and supported, and Resolution 2007-115 authorizing an amendment to Resolution 2006-100, for the City of Detroit Brownfield Redevelopment Authority’s Chene West Park Redevelopment Project, was adopted.

ACTION ITEM

Affinia Group, Inc.
MEGA Tax Credit Agreement Amendment

Val Hoag introduced John Carr with Affinia Group, Inc. Mr. Carr discussed the amendment request for the board. In December of 2004, the Michigan Economic Growth Authority (MEGA) authorized an Employment Credit of 50 percent for ten years to Affinia Group, Inc. to establish a headquarter location in Pittsfield Township. The headquarter operation was to provide administrative support for the decentralized operations of the Affinia Group. The types of jobs include: senior management, accounting, tax, legal, treasury, human resources, information technology and marketing. The credit was awarded for up to 100 net new jobs.

Since the approval of the MEGA credit, Affinia has discovered that their original employment estimates of 90 employees exceeds their true operational needs of between 65 and 69. In addition, the company is in the midst of a fundamental reconstruction of its worldwide enterprise. The reconstruction involves a comprehensive assessment of every worldwide location for optimal performance around function, logistics and cost. Without a MEGA tax credit, the Michigan location is a less attractive long-term location for corporate operations.

Val Hoag provided additional information about the amendment request for the board. The current MEGA Credit Agreement requires the company to create at least 75 qualified new jobs to qualify for the MEGA credit. The MEGA act has since been amended to reduce the statutory minimum to 50 jobs.

To ensure the Pittsfield Twp. location remains cost competitive Affinia is requesting that MEGA Board consider amending the MEGA Credit Agreement to reducing the statutory minimum qualified new jobs from 75 to 65.

Recommendation

Staff recommends approval of this request subject to the following terms and conditions:

- The firm in question has the ability to move the jobs out of Michigan, or close a Michigan facility rather than another facility, and has expressly reviewed this option with the MEDC.

- The firm is within one of the MEDC's targeted growth sectors.

- The statutory minimum number of qualified new jobs to be created by the company is 65.

- The jobs are very well paying and, at a minimum exceed 150% of the Washtenaw County average weekly wage.

- The company will lease its facility through the year 2014.

- The MEGA credit will be reduced by one year.

- There will be an administrative fee of $10,100 due and payable upon submission of the Certified Statement of Eligibility.

- The company will agree to a clawback provision should it close or move operations out of Michigan. The terms of this clawback are as follows:

If the Company should sell, relocate, move or otherwise terminate the lease agreement for the Project site before the end of the Term of the Agreement (12/31/2015), it shall be within the discretion of the MEGA Board of Directors to determine whether any amounts of the MEGA Tax Credits claimed by the Company are to be repaid to the State of Michigan.

In making this determination, the MEGA Board of Directors may consider the following: whether the relocation of the operations of the facility is within Michigan; whether the relocation or closure is due to unforeseen market and economic conditions, and any other information which would seem pertinent in the particular situation.

The clawback amount may be up to 100% of the total amount of the MEGA tax credit and shall be determined by the MEGA Board of Directors. The MEGA Board will take into consideration the conditions as outlined above when making its decision.

In the event that Affinia has determined it must sell, relocate, move or otherwise terminate the lease agreement for the Project site before the end of the Term of this Agreement (12/31/2015), Affinia shall notify in writing of this fact ninety (90) days, or as soon as Affinia is aware of the pending exit or an exit is made.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed amendment request from Affinia Group, Inc. and recommends approval of the requested amendment.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-116, authorizing the amendment of Resolution 2004-81 for Affinia Group, Inc., was adopted.

ACTION ITEM

Proposed 2008 Meeting Schedule

A proposed monthly meeting schedule for MEGA Board meetings in 2008 was presented to the board.

A motion was made and supported and the 2008 MEGA Board meeting schedule was passed unanimously.

The meeting was adjourned at 11:44 p.m.

The next board meeting is scheduled to take place on January 22, 2008.