

ADOPTED MINUTES

A rescheduled meeting of the Michigan Economic Growth Authority (MEGA) was held at the Lansing Center, 333 Michigan Avenue, Room 201, Lansing, Michigan on December 19, 2000 at 10:00 a.m.

Members Present:

Valerie Agolli (acting for and on behalf of Mark Murray, authorization attached)
Craig DeNooyer
Sarah Deson-Fried
Mary Lannoye (acting for and on behalf of Janet Phipps, authorization attached)
Doug Rothwell
Tim Ward

Members Absent:

Beth Chappell
Phil Kazmierski

Others Present:

Peter Anastor, MEGA, MEDC
Terry Arbenowski, City of Farmington Hills
Kathy Blake, Senior Vice President, Business Development, MEDC
Tino Breithaup, Business Development, MEDC
Jeff Bryant, City of Livonia
Richard Burgess, Tower Automotive
Greg Burkhart, Ernst & Young
Greg Capote, City of Novi
Dan Casey, City of Southfield
Richard Chyette, Quicken Loans
Linda Dankoff, MEGA, MEDC
Jim Donaldson, Business Development, MEDC
Brenda Flory, MEDC
Dan Foster, Ernst & Young
Richard Gaul, Tower Automotive
Cynthia Grubbs, MEDC
Valerie Hoag, MEDC
David Jeup, MEDC
Kate Johnson, CRDC
Sabrina Keeley, MEDC
Jennifer Kopp, Communications, MEDC
Lori LaPerriere, MEGA, MEDC
Mike Lax, Compuware
Bill Luethge, Delphi Automtovie
Kathy McMahon, Communications, MEDC
Peggy McNichol, Ernst & Young
Art Papapanos, DEGC/DDA (Detroit)
Jim Paquet, Secretary to the MEGA Board

Margaret Parker, CRDC
Ed Reed, MEDC
Ellen Ross, Development Finance, MEDC
Gregg Seo, Quicken Loans
Vern Taylor, Brownfield Development, MEDC
Duane Thelen, Brownfield Development, MEDC
Grant Trigger, HMS&L/Compuware
Donna Wegryn, MEDC
Richard Zablocki, Delphi Automotive

Call to Order

Chairperson Rothwell called the meeting to order at 10:15 a.m.

Adoption of Minutes from November 3, 2000

It was moved supported and carried that the minutes from the November 3, 2000 meeting be adopted.

Public Comment

There were no comments from the public.

Action Item:

Parker Hannifin Corporation
6035 Parkland Blvd.
Cleveland, Ohio 44124-4141

Jim Donaldson presented the project to the board.

Parker Hannifin serves over 1,400 markets, including industrial, automotive and aerospace customers around the world. The Pneumatic Division manufactures pneumatic valves, air preparation units and accessories for the industrial and transportation markets. Parker has 43,900 employees worldwide including 1,999 employees at 10 Michigan locations.

Parker Hannifin is considering an expansion in its Pneumatic Division in either Richland Township (Kalamazoo) or Wake Forest, North Carolina, where the company has existing facilities. The proposed project involves expanding the Richland plant by 50,000 square feet and building a 30,000 square foot administration building on the same site. This will allow for the consolidation of functions and anticipated growth. Completing the expansion would require a capital investment of \$21.8 million, including \$8.2 million in building costs and \$13.6 million in new equipment.

The company would hire up to 81 new full-time employees with an average weekly wage of \$726 and an employee benefit package worth approximately 36 percent of wages. The proposed project would also result in the relocation of approximately 140 jobs from Otsego.

Parker would begin construction as soon as possible and would complete construction by the end of 2001. Full production would take place within six months of completion of construction.

According to the economic analysis done by the University of Michigan, it is estimated this facility will generate a total of 160 jobs in the state by the year 2008. Net state government revenues through the year 2008, would be increased by \$3,861,000 due to the presence of the project.

Based on figures obtained from the company, the cost disadvantage for Parker Hannifin to locate this expansion in Michigan rather than North Carolina totals \$6.8 million over the seven-year incentive period. The majority of the cost differential is wages and electrical costs.

The state of Michigan will provide Parker Hannifin with a 100 percent abatement of the six-mill State Education Tax estimated to be worth \$477,900. In addition, the state will offer job training assistance of \$500 per job for up to 81 net new jobs, for a total of \$40,500.

Richland Township will provide 50 percent property tax abatement for a period of 12 years on real property and six years on personal property. The value of the local abatement is approximately \$1,341,900.

The company would like to expand in Michigan, however, given the cost differentials the company would locate in North Carolina if the competitive disadvantages cannot be offset. This would result in the loss of 81 new jobs as well as 123 existing jobs.

Recommendation:

The Michigan Economic Development Corporation recommends an employment credit of 100 percent for up to 81 net new jobs and a business activity credit of 100 percent, both for a period of seven years.

Board Discussion:

Tim Ward presented the report of the Executive Committee to the board. He stated that this would be similar to the MEGA Parker Hannifin had previously received and would offset higher wages and electric costs. He indicated that the project would also prevent the loss of existing jobs.

Craig DeNooyer asked what types of jobs would be lost from Otsego if not for the project. The Company responded the move would include the die-casting, technical/skilled labor and CNC jobs.

Chairman Rothwell asked if there were any other questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-043 awarding a MEGA tax credit to Parker Hannifin Corporation be adopted.

Action Item:

Quicken Loans, Inc.
20555 Victor Parkway
Livonia, Michigan 48152

Donna Wegryn introduced representatives of the company and the City of Livonia.

Jim Donaldson presented the project to the Board.

In December of 1999, Rock Financial Corporation, a provider of conventional, government insured and sub-prime debt consolidation and home financing loans, was acquired by Intuit, Inc. and renamed Quicken Loans. Quicken Loans operates through a network of 11 stores (eight in Michigan and one each in Illinois, Ohio and Nevada) and nine conventional lending branches (all in southeast Michigan). The company also maintains a customer call center in Livonia. Current employment in Michigan totals 459 people.

Quicken Loans is considering an expansion of its current customer web center in Livonia, Michigan or Fredericksburg, Virginia, where Intuit currently has operations. The web center will provide customer support to inquiries made via the Internet. The project would require a capital investment of \$11.5 million in building costs (capitalized lease) and \$4.4 million in equipment purchases, for a total of \$15.9 million. The company would hire up to 515 full time employees within three years with an average weekly wage of \$1,117 and an employee benefit package worth approximately 13 percent of wages. Quicken Loans would finalize lease arrangements by the end of December 2000 and commence purchases of needed equipment and furnishings immediately thereafter. Operations in the expanded web center would begin in early 2001.

Based on the economic analysis done by the University of Michigan, we estimate this facility will generate a total of 928 jobs in the state by the year 2007. Net state government revenues through the year 2007, would be increased by \$15,171,000 (2000 dollars) due to the project.

Based on figures obtained from the company, the cost disadvantage for Quicken Loans, Inc. to locate its call center in Michigan rather than Virginia totals \$12.9

million over the seven-year incentive period. This cost differential is primarily attributable to lower wages in Virginia.

The State of Michigan will provide with an Economic Development Job Training grant of up to \$1,000 for each of the 515 new workers, or a total grant of \$515,000. In addition, 100 percent of the 6-mill State Education Tax will be abated for an amount of time to match the local property tax abatement. The value of the abatement totals approximately \$25,900.

The city of Livonia is proposing 50 percent high-technology property tax abatement for a period of 3 years. The value of the proposed abatement is approximately \$93,600.

Although the company's current headquarters and service center is located in Livonia, the new parent company, Intuit, has facilities in several states, including Virginia. The company needs to locate this expansion in an area that will a cost-effective business environment, shorten the ramp up time for call center efficiency and optimize labor availability.

The company feels that a Michigan location would be the best at minimizing the risks associated with business interruption that would occur with a relocation. However, given the cost differentials identified, the company needs incentives from the state to make a business case for keeping the call center in Michigan.

Recommendation:

The Michigan Economic Development Corporation recommends an employment credit of 75 percent for up to 515 net new jobs for 7 years and a business activity credit of 75 percent for 7 years.

Board Discussion:

Tim Ward presented the report of the Executive Committee to the Board. This project involves higher skilled web center programming jobs which pay better than typical call center jobs. The tax credits are needed to offset lease costs, which are not required in Virginia where the parent company has available space, and higher Michigan wages.

Craig DeNooyer questioned Jim Bryant of Livonia regarding the incentives being offered by the city. Bryant explained that the infrastructure was already in place and the incentive was not large due to the rapid depreciation of computer equipment covered by the abatement.

Chairman Rothwell expressed his appreciation for Livonia's willingness to offer the new abatements on non-manufacturing projects. He also indicated that going forward and as the local governments became more familiar with the new

abatements, the Board would be expecting abatement periods up to the 12 years allowed by the new law.

Chairman Rothwell asked if there were any further questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-044 awarding a MEGA tax credit to Quicken Loans, Inc. be adopted.

Action Item:

Sequoia NET.com, Inc.
107 S. Squirrel Road
Auburn Hills, Michigan 48326

Jim Donaldson presented this project to the Board.

Sequoia NET.com, Inc. is a subsidiary of Analysts International Corporation, headquartered in Minneapolis. Sequoia provides computer network infrastructure services and web-based applications development. The company has 560 employees in Auburn Hills and Lansing combined. Analysts, the parent company, has 60 employees in Southfield.

Sequoia is considering a long-term lease of approximately 40,000 square feet of office space in Auburn Hills to consolidate all its operations and services except its Lansing staff. The company's growth over the next three years will require the hiring of at least 75 computer engineers and applications developers per year. Capital investment includes \$1.5 million in computer and office equipment and a lease cost of approximately \$6.4 million over a seven-year period.

The company will hire up to 225 new people within three years at an average weekly wage of \$1,115. Plans are to move to the new space in early 2001 with operations beginning immediately thereafter.

According to the economic analysis done by Michigan Economic Development Corporation staff utilizing the REMI software, it is estimated the project will generate a total of 311 jobs in the state by the year 2007. Net government revenues through the year 2007, would be increased by \$9,400,000 due to the presence of the project.

While Sequoia would like to consolidate all of its personnel in Michigan into a single location, its parent, Analysts, would prefer to spread applications development personnel throughout the country. The cost analysis was prepared with these two alternatives in mind. Since Analysts already has office space in the cities to which they would reassign Sequoia's staff, a very minimal amount of additional leased space would be required. However, a consolidation in Michigan would require additional lease costs of approximately \$700,000 per

year. The MEGA credit is needed in order offset additional costs to be incurred under a consolidation scenario.

The City of Auburn Hills has agreed to fund road improvements adjacent to the company's proposed site at an estimated cost of \$2 million.

Recommendation:

The Michigan Economic Development Corporation recommends an employment credit of 50 percent for up to 225 net new jobs for seven years.

Board Discussion:

Tim Ward presented the report of the Executive Committee to the Board. He explained that the Committee had discussed the difference between computer services and development jobs and had agreed that services jobs which had to be located near the customer were not appropriate for a MEGA. However, it is the development-type jobs, which Sequoia NET.com would create could be located anywhere. He added that it is important to Michigan that this company continues its expansion here and that the MEGA helped local management make the business case for a Michigan expansion.

Mr. DeNooyer asked whether the company's current growth would continue. Mr. Boltosevich indicated that the company projected 20% annual growth for the foreseeable future.

Chairman Rothwell asked if there were any other questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-045 requesting a MEGA tax credit be adopted.

Action Item:

Tower Automotive
27175 Haggerty Road
Novi, Michigan 48377

Chairman Rothwell indicated that there were new application pages and a Resolution at the members places. He asked if staff had resolved issues with the company concerning its base employment level. Mr. Paquet responded affirmatively and stated that the company's base employment was reflected in the proposed Resolution.

Jim Donaldson presented this project to the Board.

Tower Automotive, Inc. is a publicly held company which manufactures structural components and assemblies used by major automotive equipment

manufacturers. Tower Automotive maintains 25 manufacturing facilities in North America, as well as other facilities in Europe, South America and the Pacific Rim. Tower Automotive currently has over 4,100 employees in Michigan.

Tower Automotive is planning to expand its existing technical center and prototype design shop. The company plans to invest approximately \$3.6 million in machinery and equipment, \$2 million in leasehold improvements and \$3.7 million in capitalized lease costs, for a total investment of \$9.3 million.

Tower Automotive would hire an additional 125 people within the first year of operation of this new facility at an average weekly wage of \$1,343 and with a benefit package equal to approximately 32 percent of wages. Tower anticipates finalizing lease negotiations and leasehold improvements by June 2001, with start-up of facility planned for July 2001.

According to the economic analysis done by the University of Michigan, it is estimated the project will generate a total of 236 jobs in the state by the year 2010. Net state government revenues through the year 2010, would be increased by \$10,086,000 due to the presence of the project.

Based on figures obtained from the company, the cost disadvantage for Tower Automotive to locate this expanded research and development facility in Michigan rather than Milwaukee, Wisconsin totals \$12 million over the ten-year period of the incentive. This cost differential is primarily attributable to 11% lower wages in Milwaukee and an anticipated \$1.5 million relocation cost.

The State of Michigan will provide Tower an Economic Development Job Training grant of \$750 for each of the 125 new workers, for a total of \$93,750. In addition, 100 percent of the 6-mill State Education Tax will be abated with an estimated value of this abatement is \$19,320

The City of Farmington Hills will provide the company with an abatement of 50 percent of the personal property taxes related to the project for a three-year period. The estimated value of this local abatement is \$65,814.

Tower has an existing facility in Milwaukee that could easily accommodate this expanded research and development effort. The company, however, would prefer to locate the facility closer to its customers and most of its other facilities. However, in order to make the business case for putting this facility in Michigan, a MEGA tax credit is needed to offset the additional costs of locating in Michigan.

Recommendation:

The Michigan Economic Development Corporation recommends an employment credit of 100 percent for up to 125 net new jobs for 6 years and 75 percent for 4

years and a business activity credit of 100 percent for 6 years and 75 percent for 4 years.

Board Discussion:

Tim Ward presented the report of the Executive Committee to the Board. He indicated that this project was a tech center with very good jobs. The MEGA would offset the salary premium which could be demanded by Michigan engineers because of the competitive market for their skills and the higher cost of leasing versus the available facility in Milwaukee.

Chairman Rothwell ask Mr. Donaldson to discuss why the project had been brought to the Board without a local commitment in place. Mr. Donaldson said the company needed to make a decision between Michigan and Wisconsin. Within Michigan, a firm site selection had not been resolved as yet. The goal of the company is to reduce costs and improve their product. The two properties being considered are divided by Haggerty Road and a decision will be reached within 60-days. Both communities have offered competitive incentives.

Mary Lannoye questioned awarding a MEGA before a site has been selected. Doug responded that the state might lose the company because of the time it is taking the local communities. We wanted to send the message that its time to move forward. Mr. Paquet added that the Resolution was drafted such that the MEGA award is contingent on the local commitment being in place.

Terri Abenowski of Farmington Hills related that the community is offering 3-year personal property abatement. They are ready to meet with Tower whenever it is convenient for them.

Greg Capote of the City of Novi related that the City Council would meet on this issue on January 8, 2001. They are willing to commit \$65,000+ to this endeavor.

Chairman Rothwell asked if there were any other questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-046 awarding a MEGA tax credit be adopted.

Action Item

Harman Enterprise's Inc.
Thirty Oak Hollow, Suite 240
Southfield, MI 48034

David Jeup presented the project to the Board.

Harman Enterprises, Inc. is the design and engineering subsidiary of Harman Motive (a wholly owned subsidiary of Harman International). Harman Motive is a

manufacturer of original equipment audio components for the automotive industry. Currently, Harman Enterprises has 30 employees, all located in Southfield, Michigan.

Harman Enterprises will upgrade and expand its research, development and engineering functions to develop innovations in the design of automobile navigation, car radio entertainment, digital amplifiers and automobile speakers. The company would relocate to a leased facility in Farmington Hills, Michigan or Franklin, Kentucky.

Estimated capital expenditures for this project will total \$9.7 million for the building and \$1.2 million for machinery and equipment, for a total of \$10.9 million. Leasehold improvements on the building will begin late in 2000 and operations would start up in early 2001. The company anticipates hiring 30 employees in its first year and 48 employees in the second, for a total of 78 net new jobs. Average weekly wages would be \$1,032 and employees would also receive a benefit package worth up to 30 percent of wages.

According to the economic analysis done by the Michigan Economic Development Corporation using REMI software, this facility will generate a total of 154 jobs in the state by the year 2010. Net state government revenues through the year 2010, would be increased by \$7,500,000 due to the presence of the project.

Harman has undertaken a comprehensive analysis between Farmington Hills, Michigan and Franklin, Kentucky. The presence of a Harman owned facility in Franklin, Kentucky with excess capacity, combined with the fact that the site is equidistant from Harman customers in "The South" and "The Midwest", make expansion in Kentucky an attractive option. However, barring costs, Michigan was a more attractive location from which to attract additional automotive clients. The parent company found the corporate tax incentives being offered by Kentucky combined with the existing capacity there, compelling. A High-Tech MEGA is being offered to retain the project in Michigan in order to:

- retain the existing job base of 30 employees and
- capture additional high paying jobs that would be created.

The State of Michigan will provide an abatement of 100 percent of the 6-mill State Education Tax valued at \$7,806.

The City of Farmington Hills will be providing the company with an abatement of personal property taxes related to the project, valued at \$25,740.

Recommendation:

The Michigan Economic Development Corporation recommends a High Tech business activity credit of 100 percent for 10 years.

Board Discussion:

Tim Ward presented the report of the Executive Committee. He stated that Harman would expand research and development activities and create good paying jobs in Michigan. The MEGA is needed to counter the incentives that Kentucky is currently offering.

This will be a major move for Harman. A company representative stated that this particular project would be its premiere research and development tech center in North America.

Consideration of Kentucky as a site for Harman was due to the major presence of Toyota.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-042 awarding a MEGA tax credit to Harman Enterprises, Inc. be adopted.

Action Item:

Delphi Automotive
3900 Holland Road
Saginaw, Michigan 48601

Vern Taylor presented the project to the Board.

Delphi Automotive Systems Corporation manufactures and sells individual parts, systems and modules to automotive assemblers around the world. The company operates over 200 facilities in 37 countries and is the world's largest and most diversified supplier of automotive parts and components.

The proposed project would involve renovation and re-equipping of portions of Delphi Steering Systems' existing facilities in Saginaw's Buena Vista Township to manufacture a new line of product.

The company proposes to make eligible investments up to \$315 million in the project. Portions of two plants, totaling 400,000 square feet, will be renovated at a cost of \$28 million. New machinery and equipment added to the eligible property will cost \$286 million. An additional one million dollars will be invested in site improvements. If the MEGA Brownfield Credit is approved, eligible

investment will begin in March of 2001 and will be completed in December of 2005.

The proposed project site is an eligible property. Buena Vista Charter Township is a qualified local governmental unit and has certified that the property is functionally obsolete. The project is in a brownfield plan approved by the Saginaw County Brownfield Redevelopment Authority.

The project will upgrade the obsolete facilities to a standard that will allow it to compete globally for currently anticipated and future product lines. The plants being redeveloped, while currently in use, would be idled as uncompetitive if not for the redevelopment.

The project will retain up to 500 existing jobs. The jobs will pay an average weekly wage of \$936 with a benefit package equal to approximately 40 percent of wages. Through July, Buena Vista Township has an average unemployment rate of 6.3 percent for the year compared to a State of Michigan average of 3.5 percent.

The company has agreed to forego property tax abatement on real property. As a result, the project is expected to increase the local tax base, net of an abatement for machinery and equipment which has already been granted.

We estimate this facility will generate a total of 1,690 jobs in the state by the year 2013. Net state government revenues, adjusted for inflation, would increase by \$58,128,000 through the year 2013, due to the Delphi Steering Systems redevelopment project.

The Project does not involve relocation from another area in the state and will not result in the creation of another brownfield.

The project is not expected to alleviate any contamination, as there is no contamination requiring remediation known to the applicant on the project site. The company has provided a cost analysis comparing redevelopment of the functionally obsolete Buena Vista Township site and a greenfield site in Quertaro, Mexico. Based on figures obtained from the company, the cost disadvantage for Delphi to redevelop the Michigan brownfield rather than site the project in Mexico amounts to \$5 million annually over the term of the incentive.

The most significant factor is that labor rates in Mexico are 75% lower than in Michigan.

The state will provide the company with a 100 percent abatement of the State Education Tax for a period of time to match the local incentive. The estimated value of this abatement is \$3,273,070.

Buena Vista Township has granted Delphi Automotive Systems tax abatement on new machinery and equipment that is applicable to the M&E investment planned for the project. The abatement is for 12 years and is valued at \$22,644,733.

Because the credit being sought is between \$10 million and \$30 million, the project must meet the test that "but for" the brownfield credit, the redevelopment would not occur. Delphi must decide where to locate production of its new product line. Mexico provides significant long-term cost advantages. The company would prefer redevelopment of its Buena Vista Township facility due to an excellent workforce at the facility and a general preference to have production facilities located where they are more efficient to manage. This is especially true when the company is launching a new product line, which may need refinements in design, etc. Given the cost disadvantages, these reasons alone do not make the business case for putting the project in Michigan. Without the \$30 million Brownfield Tax Credit the redevelopment would not occur in Michigan.

Recommendation:

The Michigan Economic Development Corporation recommends a MEGA Brownfield Credit of 10 percent of the eligible investment in the Saginaw Steering Systems Redevelopment project, but no more than \$30,000,000.

Board Discussion:

Tim Ward presented the Executive Committee report to the Board. He indicated that there is a substantial differential in wages, and if not for the MEGA award the project would not happen in Michigan.

A representative of Saginaw Future commented that they were offering the company a large abatement.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-048 awarding a MEGA Brownfield Redevelopment tax credit be adopted.

Action Item:

Compuware Corporation
31440 Northwestern Highway
Farmington Hills, MI 48334-2564

Vern Taylor presented this project to the Board.

Compuware is a large software vendor. It generated over \$2.2 billion in sales revenue in fiscal year 2000. Compuware has been in business for 27 years, has 120 offices located in 46 countries and nearly 16,000 employees.

The company will locate its new headquarters in downtown Detroit. It will be the first major component of the proposed Campus Martius redevelopment project. The headquarters will be a fourteen story building containing over 1,000,000 square feet of corporate offices with the base of the structure having street-oriented retail and restaurant space. The headquarters will also have a training center, daycare services, and space for other supporting services for approximately 3,600 employees.

The project includes an underground and aboveground parking structure that will accommodate 3,000 employees. The project is scheduled for completion in December 2003.

There are separate but related development activities that will be occurring on adjacent parcels. It is expected that tax increment financing will be used to pay for parking ramps and other infrastructure improvements provided by the City of Detroit.

The project site is an eligible property in downtown Detroit and is included in a brownfield redevelopment plan approved by the Detroit City Council. A baseline environmental assessment (BEA) identified the site as a "facility", an environmentally contaminated property.

The City of Detroit is a Qualified Local Governmental Unit and the "Kern Block" area (site of the proposed headquarters) has previously been determined to be a "blighted" area under a development plan approved by the Detroit City Council on April 7, 1964.

In addition to \$350 million in new investment, the project will retain 2,400 jobs in Michigan and relocate them in the City of Detroit. It is expected that approximately 1,200 new jobs will be created by Compuware within the next 3 years and will also be located at the Detroit headquarters. These permanent new jobs will pay an average salary of \$60,000 per year, plus benefits.

Securing and supporting Compuware's headquarters in Detroit will help the City to realize its goal to redevelop the area which has been blighted for decades. The project will also contribute to the growth of high technology business opportunities in Michigan.

Compuware has agreed, in cooperation with the City of Detroit, to make over 1500 parking spaces in Compuware's new parking structure available for evening and weekend public use.

The subject property is a facility, due to contaminated soil. The project will remove as much as 200,000 yards of soil. Additional "due care" activities will encapsulate any remaining contamination to ensure the safety of the public.

Compuware will be relocating its headquarters and associated offices from Farmington Hills and several other locations in the Greater Detroit Metropolitan Area. In all instances the offices being vacated are in marketable condition and are in marketable locations.

Compuware has received a 100% personal property tax exemption for 15 years under P.A. 328. The City of Detroit is contributing \$1.5 million toward excavation costs. In addition, the City sold the Kern and Crowley blocks to Compuware for \$2. The project is related to a larger development in which the City is proposing to utilize tax increment financing to build additional parking ramps and make other infrastructure improvements.

This project is exempted from the "but for" requirement by P.A. 143 of 2000.

Recommendation:

The Michigan Economic Development Corporation recommends a MEGA Brownfield Credit of 10 percent of the eligible investment in the Compuware headquarters project, but no more than \$30,000,000.

Board Discussion:

Tim Ward presented the report of the Executive Committee to the Board. He indicated that this was a great project for the City of Detroit. He added that the project was specifically allowed for in recently adopted legislation.

A question was asked regarding charges for parking after hours. The company responded that there will be a charge to cover the cost of an attendant, but that parking is not viewed as an income generator for Compuware.

Chairman Rothwell asked if there were additional questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-049 awarding a MEGA Brownfield Redevelopment tax credit be awarded.

Brownfield Fee Policy

Jim Paquet presented the discussion item to the Board.

He stated that the MEGA statute authorized the collection of reasonable fees. The fee structure proposed for the SBT Brownfield Redevelopment Credits is consistent with the fee policy adopted by the Board in January of this year for standard MEGA credits. The application fee is \$5,000. In addition to the

application fee, an administrative fee of ½ of 1% of the value of the pre-approved credit, up to a maximum of \$100,000 is recommended. One half of the administrative fee will be collected at the time a pre-approval letter is issued, with the balance collected one year after the date of the pre-approval letter.

Public Act 145 of 2000 authorized MEGA to approve redevelopment work plans that will be financed through school tax capture. The statute provides that MEGA may collect the actual costs incurred reviewing work plans submitted by Brownfield Redevelopment Authorities. Staff is asking the Board to authorize collection of the actual costs of those reviews.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-050 regarding Brownfield Fee Policy be adopted.

Action Item:

Vastera Solutions Services Corporation
45025 Aviation Drive, Suite 300
Dulles, Virginia 20166

David Jeup introduced Don Casey from the City of Southfield and presented the project to the Board.

Vastera Solution Services, is a wholly owned subsidiary of Vastera, Inc. Vastera is a leading provider of web-based software products and services that facilitate international buying and selling of goods. Vastera Solution Services provides products and services to clients to manage global trade functions. Recently, Vastera entered into an agreement with Ford to manage its global trade operations including support of Ford's import/export custom operations. As part of this agreement, Vastera acquired 31 employees from Ford. Vastera has no other employees in Michigan.

Vastera is considering two sites for location of the newly acquired Ford personnel and the future employees and consultants that will be part of the expansion. Vastera narrowed the locations to Southfield, Michigan and Longmont, Colorado, where the company has an existing facility. The proposed expansion involves leasing an existing facility with at least 40,000 square feet of office space. The project would require a capital investment of \$10.0 million, including \$7.1 million in building costs (capitalized leased and leasehold improvements) and \$2.9 million in new equipment. The company would hire up to 150 new full-time employees with an average weekly wage of \$1,100 and an employee benefit package worth approximately 20 percent of wages.

Based on the economic analysis done by the Michigan Economic Development Corporation utilizing REMI software, it is estimated the project will generate a

total of 233 jobs in the state by the year 2005. Net state government revenues through the year 2005, would be increased by \$3,195,000 due to the presence of the project.

Vastera has undertaken a comprehensive cost analysis between Longmont, Colorado and Southfield, Michigan. Although it's a major customer, Ford Motor Company, is behind its consideration of Michigan, Colorado has competitive advantages. Vastera provides its clients services by managing their data electronically over the Internet with its own proprietary software product. Proximity to its customer is not a significant factor in locating its operations. The presence of an existing facility controlled by Vastera combined with a supply of "high-tech" workers; makes Colorado an attractive option.

Although Colorado offers advantages, Vastera's future plans are to grow their company by attracting automotive and globally oriented customers. Based upon the significant presence of automotive headquarters and large companies, a Michigan location will assist them in accomplishing those plans.

Our use of the High-Tech MEGA to attract this project to Michigan is compatible with our business attraction strategy of attracting high-tech jobs and high-tech workers.

The state of Michigan will provide Vastera with a 100 percent abatement of the six-mill State Education Tax. This abatement is estimated to be worth \$11,800.

The City of Southfield has proposed 50 percent personal property tax abatement for a period of three years. The value of the local abatement totals approximately \$47,800.

Recommendation:

The Michigan Economic Development Corporation recommends a high-technology employment credit of 90 percent for up to 150 net new jobs for a period of five years.

Board Discussion:

Tim Ward presented the Executive Committee report to the Board. This company would be able to pay lower wages and utilize existing office space if it located in Colorado. And, although Ford is one of their major contracts, it became a customer while the company was located in Colorado. The MEGA award will help offset these advantages.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, supported and carried that Resolution 2000-047 awarding a MEGA tax Credit be adopted.

The meeting was adjourned at 11:35 a.m.