

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on March 14, 2006, at 10:00 a.m.

Members Present

Cullen DuBose

Jim Epolito

Bo Garcia

Sande-Bain MacLeod

Jackie Shinn (acting for and on behalf of Kirk Steudle, authorization attached)

Robert Swanson

Others Present

Jerome Abood, Holiday Townhouses, LLC

Karen Ammarman, MEDC

Leah Ballenger, MEDC

John Byl, Warner, Norcross & Judd

Tim Dempsey, City of East Lansing

Jim Donaldson, MEDC

John Doyle, Marisa Industries

Carol Knobloch Johns, MEDC

Greg Guetschow, City of Owosso

William Hunt, Surefil, LLC

Susan Hunt, Surefil, LLC

John Jacobson, Fulton & Division, LLC

Sue Jackson, The Right Place, Inc.

Larabie, Robbins Loft, LLC

Jim Linton, AKT Peerless

Megan McCulloch, Honigman, Miller, Schwartz & Cohn

Kirk Meadows, Honigman, Miller, Schwartz & Cohn

Maryann Miller, City of Auburn Hills

Mark Morante, MEDC

Susan Novakoski, MEDC

Adam Nyman, PPM Acquisitions LLC

Jim Paquet, MSHDA

Mike Pohnl, MEDC

Todd Radashaw, Fulton & Division, LLC

Matthew Rick, Attorney General's Office

Vern Taylor, MEDC

Kathleen White, MEDC

Melynn Zylka, Marisa Industries

Call to Order

Robert Swanson called the meeting to order at 10:05 a.m.

Approval of Minutes from February 14, 2006

After review, a motion was made, supported and carried that board meeting minutes from the February 14, 2006 meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Marisa Industries, Inc.
24400 Sherwood Avenue
Center Line, Michigan 48015*

Jim Donaldson introduced Melynn Zylka and John Doyle from Marisa Industries, and Maryann Miller with the City of Auburn Hills. Marisa Industries, Inc is the parent company of BAE, Industries, Inc. Marisa's business involved the contracting of employees to the OEM sector for engineering services. BAE's business involved supplying the automotive business with commodity metal stampings. These two companies came together via a merger in 1998. Their principal products include seating mechanisms and latching components. Since the merger, Marisa Industries, Inc. has evolved into a full-service supplier to the automotive industry, from supplying metal stampings, assemblies and mechanisms to the expertise of full program management.

Ms. Zylka discussed the reason for requesting a tax credit. Marisa is proposing to lease an existing facility to handle contract work newly awarded by Lear. The product they have been contracted to build is a seat folding mechanism for the jump seat in pick up trucks. The program was sourced very late; first, because the original supplier filed for bankruptcy and second, because of huge design flaws. The company is also in negotiations with Lear to take on a second project that would again increase the investment and job creation. While only the first contract has been awarded, both projects were considered when determining where to locate the new facility. The initial project will lead to the creation of 92 new jobs in the first year. The second project would create an additional 131 jobs over five years. The new positions for both projects will pay an average starting weekly wage of \$552.

Total capital investment for these projects will be \$14.4 million, including \$7.2 million for equipment and \$7.2 million for the lease of an existing building.

It is estimated that this facility will generate a total of 372 jobs in the state by the year 2015. Total state government revenues through the year 2015, would be increased by \$6.9 million due to the presence of this facility.

The company is also considering locating the project in Bowling Green, Kentucky. The principle advantages include a less expensive building and real property taxes along with reduced utilities and unemployment costs. Kentucky is offering an incentive in the form of either a credit to be taken against the company's corporate income tax liability or a credit against its municipal tax liability on wages. Either of these incentives can be utilized over a period of 10 years.

The City of Auburn Hills has proposed a 50 percent PA 198 tax abatement for the real and personal property related to this project for six years. The estimated value to the company in the first year is \$36,000. Final tax abatement approval is expected at their March 20th City Council meeting.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for nine years, for up to 223 net new employees.

Board Discussion

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

Hearing no further discussion, a motion was made and supported, and Resolution 2006-09, authorizing a standard employment tax credit for Marisa Industries, Inc., was adopted.

ACTION ITEM

*Surefil, LLC
4560 Danvers Drive SE
Kentwood, Michigan 49512*

Jim Donaldson introduced William and Susan Hunt with Surefil, LLC. Sue Jackson from The Right Place, Inc. was also in attendance and expressed community support for the project. Mr. Hunt discussed the project. Surefil, LLC is a newly formed, privately held contract manufacturer providing custom filling solutions to the personal care and medical industries, established and backed by experienced businessmen from the Grand Rapids area. Products are expected to include over-the-counter products and products classified as Type II medical devices by the Food and Drug Administration, such as medicated shampoos, conditioners, mouthwash, lotions and gels.

Surefil is proposing to set up their headquarters and manufacturing and filling facilities at a 54,000 square foot site in the City of Kentwood that has been vacant for over one year. The site would require more than \$1.4 million in improvements, upgrading it to a state-of-the-art manufacturing facility that would include high-speed filling equipment. Future plans could include the purchase of an adjacent vacant lot and the construction of an addition, giving the company 120,000 square feet of production and packaging space.

The project would lead to the creation of 75 new jobs in the first year of the project and 278 new jobs over five years. The new positions will pay an average starting weekly wage of \$720.

Total capital investment for the project will be approximately \$6.2 million, including \$3.1 million in new construction, renovation and site improvements and \$3.1 million in new machinery and equipment.

In lieu of reviewing financial statements for this start-up operation, the company has provided evidence that a bank has approved financing for this project, contingent upon the company obtaining a MEGA tax credit.

It is estimated that this facility will generate a total of 442 jobs in the state by the year 2016. Total state government revenues through the year 2016, would be increased by \$12.9 million due to the presence of this facility.

Surefil also considered establishing their operations in New Castle, Pennsylvania. The State of Pennsylvania and the City of New Castle have offered incentives that would result in lower wages, lower electrical costs and lower property taxes. In addition, the company would have lower transportation costs as the majority of their customers are located on the Eastern Seaboard.

The State of Michigan will provide a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local real property tax abatement. The value of this abatement is estimated at \$88,000. In addition, training dollars will be made available at the rate of \$500 per job for the first 200 jobs.

The City of Kentwood has approved a 50 percent PA 198 tax abatement for the new real property for 12 years and personal property related to this project for eight years. The estimated value of this abatement is \$338,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 10 years, for up to 278 net new employees.

Board Discussion

Robert Swanson asked whether contracts for work, as described on the previous page, are already in place. Mr. Hunt said that these will be in place, contingent upon MEGA tax credit approval.

- Bo Garcia gave the report of the Executive Committee. The Executive Committee has
- recommended approval of the requested tax credit.

Matthew Rick discussed the resolution and asked that wording be added to express that not only the company's plan, but the company itself is financially sound.

Hearing no further discussion, a motion was made and supported, and Resolution 2006-10, authorizing a standard MEGA tax credit for Surefil, LLC, was adopted with language as discussed above.

ACTION ITEM

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

Mark Morante introduced John Byl of Warner, Norcross & Judd, Dan Oegema from the City of Grand Rapids, and John Jacobson and Todd Radashaw with Fulton and Division, LLC. Mr. Oegema described plans for a new 10-story building, to house 7,500 square feet of retail, a 50,000 square foot boutique hotel, 20,000 square feet of office space, and 20,000 to 30,000 square feet of residential condominiums. Secured parking will be designed one story below grade and on grade around the retail area.

The redevelopment is being undertaken by Fulton and Division, LLC.

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

The project will result in the redevelopment of a brownfield site on the southern edge of the downtown development area, and will result in an increased tax base for the community. The site is a gateway location to the south of downtown Grand Rapids and the project will enhance the entrance to the downtown and the Heartside neighborhood. This redevelopment has the potential to change the downtown landscape and promote an environment to attract professionals to live in the downtown community.

It is expected that a total of 100 permanent jobs will be created by this project as follows: 20 jobs in connection with the retail/commercial, 25 jobs in connection with the hotel, five jobs in connection with maintenance of the building, and 50 office jobs.

The City of Grand Rapids unadjusted unemployment rate was 7.3% in December 2005. This compares to the statewide seasonally adjusted average of 6.4% in December 2005.

The property is contaminated with lead, mercury, zinc, selenium and arsenic. The soil excavation in connection with the construction of the building will be properly disposed of.

The developer is making private investment in the amount of \$14 million and will be seeking approval of a Brownfield Single Business Tax Credit not to exceed \$1 million. This project also involves a MDEQ TIF in the amount of \$226,550. Accordingly, the total TIF including MDEQ and MEGA is \$760,575.

There are 44.6439 mills available for capture, with school millage equaling 23.8258 (54%) and local millage equaling 20.8181 mills (46%). The recommended tax capture breaks down as follows:

School Tax Capture	\$288,374 (54%)
Local Tax Capture	<u>+245,651 (46%)</u>
Total	\$534,025

Project Costs:

Site Preparation	\$325,000
Infrastructure	130,000
Work Plan Preparation	<u>8,500</u>
Sub-Total	\$463,500
Contingency (15%)	69,525
MEDC/MSHDA Work Plan Review	<u>1,000</u>
Total	\$534,025

The project is located within the boundaries of the City of Grand Rapids, a qualified local governmental unit, and has been deemed a "facility." The property is the subject of a brownfield plan approved by the City of Grand Rapids on January 24, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$288,374 based on the eligible activities totaling \$534,025 described above.

Board Discussion

The report of the Executive Committee was given by Bo Garcia. The Executive Committee has recommended approval of the requested tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-11, authorizing the capture of school operating taxes for the City of Grand Rapids for the Fulton and Division redevelopment project, was adopted.

ACTION ITEM

*City of East Lansing Brownfield Redevelopment Authority
410 Abbott Road
East Lansing, Michigan 48823*

Jim Linton with AKT Peerless was introduced, along with Jerome Abood with Holiday Townhouses, LLC and Tim Dempsey from the City of East Lansing. Mr. Linton and Mr. Abood gave the presentation to the Board. The West Village Townhouses and Retail Center is a mixed-use development in downtown East Lansing that is an essential element of the city's overall "cool cities" plan. The development will take place on 1.5 acres of land fronting on West Grand River Avenue and will consist of two buildings. Building I consists of the retail and condo building. It will have 16,122 square feet of subsurface parking, 8,916 square feet of first floor retail and three additional floors of 8,916 square feet each, containing a total of 21 condominiums. Building II will consist of 15 connected 2 ½-story row townhouses with garages.

The redevelopment is being undertaken by Holiday Townhouse, LLC. Brownfield work plans are based on several criteria outlined in the statute. These criteria have been met.

The property currently has a combined taxable value of \$324,040. It is anticipated that taxable value after improvements will be over \$5 million. The current buildings and infrastructure are insufficient to support increasing demands for residential and commercial development. It is estimated that the project will create up to 40 jobs in the commercial component of the project.

The City of East Lansing unadjusted unemployment rate was 7.3% in December 2005. This compares to the statewide seasonally adjusted average of 6.4% in December 2005.

The developer is making private investment in the amount of \$5,203,736 and seeking approval of a Brownfield Single Business Tax Credit in the amount of \$520,374. The project also involves the relocation of a Board of Water and Light Substation and a parking structure for a total cost of \$1,000,000, which consists of local tax capture only.

The tax capture breakdown is as follows:

Homestead Portion	
School Tax Capture (10%)	\$ 57,596
Local Tax Capture (90%)	+ 518,362
Sub Total	\$ 575,958

Non Homestead Portion	
School Tax Capture (39%)	\$ 502,185
Local Tax Capture (61%)	+ 785,470
Sub Total	<u>\$1,287,655</u>
Grand Total	\$1,863,613

The Brownfield Plan passed by the City of East Lansing on December 21, 2004, allows for school tax capture not to exceed \$516,609. Even though there is \$559,781 allowed for school tax capture as calculated above, the City of East Lansing does not want to amend the Brownfield Plan, which would result in MEGA Board action as well as delay of the start of the project, and has decided to request approval of school tax capture in the amount of \$516,609.

Project Costs:

Demolition	\$ 96,881
Lead/Asbestos Abatement	31,208
Site Preparation	721,096
Infrastructure Improvements	+ 766,174
Sub-total	\$ 1,615,359
Contingency	241,254
Work Plan Preparation	+ 7,000
Total	<u>\$1,863,613</u>

The project is located within the boundaries of the City of East Lansing, a qualified local governmental unit and has been deemed functionally obsolete. The property is the subject of a brownfield plan, duly approved by the City of East Lansing on December 21, 2004.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$516,609 as referenced in the Brownfield Plan and based on the eligible activities totaling \$1,863,613, described above.

Board Discussion

Bo Garcia gave the report from the Executive Committee. The Executive Committee recommended support of the request for tax capture.

Jim Epolito asked when the project will begin. Mr. Abood said that the project is set to begin in 30 days.

Hearing no further discussion, a motion was made and supported and Resolution 2006-12, authorizing the capture of school operating taxes for the City of East Lansing for the Holiday Townhouse redevelopment project, was adopted.

ACTION ITEM

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

This project will rehabilitate a functionally obsolete building at 3408 Woodward Ave. adjacent to the beautifully restored Bonstelle Theatre of Wayne State University. The two-story building was built in 1919 to house a print shop. It will be completely gutted and rebuilt to house 32,000 square feet of retail space divided into three or four stores. Prospective tenants include a bank, fitness club, bookstore, and offices.

Jim Paquet presented this project to the board and introduced Megan McCulloch from Honigman Miller Schwartz & Cohn, and Adam Nyman with PPM Acquisitions. Mr. Nyman explained the project. The developer is George Nyman, the operating member of PPM Acquisitions, LLC and its largest investor. George Nyman has been the general partner in a variety of developments including shopping centers in Lake Orion, Westland, and St. Clair Shores.

The property is blighted, has been vandalized, and has stood vacant for twenty years. It has also been certified as functionally obsolete by a Level IV Assessor. The project is the subject of a brownfield plan approved by the City of Detroit on November 16, 2005.

Approval of tax capture for Brownfield Work plans is based on criteria outlined in the statute. These criteria have been met.

The project will provide commercial and retail services to neighboring residential developments, increasing foot traffic and contributing to the revitalization of the surrounding area. The public will benefit from an increase in taxable real property value of \$1.6 million, and incremental tax revenues that grow to \$105,000 per year by the end of the tax capture period.

Based on its past experience, the developer estimates that the project will create 23 office/retail jobs, 10 for the larger space and 6-7 for each of two smaller spaces.

Unemployment in the City of Detroit was 13% in December and averaged 14.1% for 2005. The rates for the state as a whole were 6.7% in December, and an average of 6.8% for the year.

The developer will invest approximately \$2.44 million in the project.

Project Costs:

Demolition	\$ 154,000
Site Preparation	\$ 34,380
Asbestos/Lead Abatement	\$ 114,095

Work Plan Preparation and Review	5,000
Contingency (15%)	\$ 45,371
Total	\$ 352,846

Excluded from the original \$824,274 tax capture request were; interest on reimbursed costs, BRA administrative fees, and payments to the local revolving loan fund.

There are 65.11 mills available for capture, with school millage equaling 23.55 mills (36.2%) and local millage equaling 41.56 mills (63.8%). The recommended tax capture breaks down as follows:

School tax capture	\$ 127,730	(36.2%)
Local tax capture	\$ 225,116	(63.8%)
Total tax capture	\$ 352,846	

A small SBT Brownfield Redevelopment Credit of \$179,000 was authorized to PPM Acquisitions, LLC for this project on December 8, 2005.

Recommendation

The Brownfield Redevelopment staff recommends approval of school tax capture up to \$127,730 for the project, based on eligible activities totaling \$352,846 as described above.

Board Discussion

Bo Garcia gave the report from the Executive Committee. The committee recommended approval of the requested tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-13, authorizing the capture of school operating taxes for the City of Detroit for the 3408 Woodward redevelopment project, was adopted.

ACTION ITEM

*City of Owosso Brownfield Redevelopment Authority
301 West Main Street
Owosso, Michigan 48867*

Jim Linton from AKT Peerless was again introduced and began the presentation by introducing Roberto Larrivey with Robbins Loft, LLC, and Greg Guetschow from the City of Owosso. Mr. Guetschow expressed the City's support for the project. The redevelopment is being undertaken by Robbins Loft, LLC, which proposes to reuse the former Robbins/Oscar Rau Furniture site by demolishing five of the seven buildings on the property and renovating the former furniture showroom building on Main Street and a former warehouse on Robbins Street. The first phase will involve the three-story

former furniture showroom for Robbins Furniture, which will be renovated with 8,450 square feet of retail space on the first floor, 8,450 square feet of commercial office space on the second floor and deluxe loft apartments on the third floor. A national health and fitness company has expressed an interest in this site. The second phase will involve the Robbins Street building, an 11,907 square feet, three-story former furniture storage building. This building will be renovated for 12 apartment units. The two phases will result in \$3.5 million investment.

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

This project will result in the redevelopment of a vacant brownfield site, which will provide jobs, taxes and economic activity. This development will create five full-time and four part-time jobs in maintenance. The office portion of the project is anticipating 20 full-time jobs and the national health and fitness company will lead to an additional 20 full-time jobs, for a total of 45 full time and 4 part-time jobs.

For December 2005, the unemployment rate for the Owosso/Shiawassee County area was 7%. This compares to the statewide seasonally adjusted average of 6.4% in December 2005.

The developer is making private investment in the amount of \$1,887,430 and seeking approval of a Brownfield Single Business Tax Credit in the amount of \$188,743. This project involves both a MDEQ and MEGA work plan. The total TIF for the project is \$578,646.

There are 49.5418 mills available for capture, with school millage equaling 23.7259 (48%) and local millage equaling 25.8159 mills (52%). The recommended tax capture breaks down as follows:

School Tax Capture	\$149,691 (48%)
Local Tax Capture	+162,882 (52%)
Total	\$312,573

Project Costs:

Demolition	\$244,585
Site Preparation	18,750
Infrastructure	+ 8,468
Sub-Total	\$271,803
Contingency (15%)	+ 40,770
Total	\$312,573

The project is located in the City of Owosso, a qualified local governmental unit, and has been deemed a "facility". The property is the subject of a brownfield plan approved by the City of Owosso on December 19, 2005.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$149,691 based on the eligible activities totaling \$312,573 described above.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommended approval of the requested tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-14, authorizing the capture of school operating taxes for the City of Owosso for the 3408 Robbins Loft redevelopment project, was adopted.

ACTION ITEM

*City of Oak Park Brownfield Redevelopment Authority
13700 Oak Park Boulevard
Oak Park, Michigan 48237
Former Detroit Artillery Armory Amendment*

Vern Taylor introduced Kirk Meadows, who briefly explained the City's request for an amendment. The City of Oak Park's work plan request was approved at the November 30, 2004 MEGA Board Meeting. At that time, the work plan request was for demolition, but identified additional eligible activities totaling a cost of \$6,950,000 to be requested at a later date. The amendment being requested is for demolition located on the Northland Plaza parcel, public infrastructure improvements at the Former Detroit Artillery Armory parcel, and site preparation activities for both parcels.

Two properties make up the project site. The Northland Plaza Shopping Center property consists of two combined parcels totaling approximately 20.711 acres. The property currently contains five commercial buildings. The second property is the former Detroit Artillery Armory and consists of one parcel containing approximately 73.2 acres. The property contains several vacant structures. It has been purchased by Armory Plaza, LLC, for commercial and light industrial redevelopment.

The changes to the original Work Plan include the following:

Public Infrastructure Improvements	\$ 728,303
Site Preparation	291,292
Demolition (orig. request was \$2.4 million)	<u>35,702</u>
TOTAL INCREASE REQUEST	\$1,055,297

Which cause the cost of eligible investment to be amended to:

Public Infrastructure (Former Detroit Artillery parcel)	\$ 728,303
Site Preparation (Former Detroit Artillery and Northland Plaza)	291,292
Demolition (Former Detroit Artillery and Northland Plaza parcel)	2,435,702
Work Plan Preparation	10,000
TOTAL	<u>\$3,465,297</u>

There are 54.333 mills available for capture, with school millage equaling 23.9783 mills (44%) and local millage equaling mills 30.3547 (56%). The recommended tax capture breaks down as follows:

School tax capture	\$1,529,236 (44%)
Local tax capture	<u>\$1,936,061 (56%)</u>
	<u>\$3,465,297</u>

Recommendation

The Michigan Economic Development Corporation recommends amendment of the previously approved school tax capture not to exceed \$1,529,236 based on eligible activities totaling \$3,465,297, as described above.

Board Discussion

Bo Garcia gave the Executive Committee report and on behalf of the committee, recommended support of the requested amendment.

Jackie Shinn asked where, specifically, the new retail component will be located. Mr. Meadows responded, explaining that it would be in the former Northland Plaza area.

Hearing no further discussion, a motion was made and supported and Resolution 2006-15, amending the previously approved request for school tax capture for the City of Oak Park for the former Detroit Artillery Armory redevelopment project, was adopted.

The meeting was adjourned at 10:53 a.m.

The next meeting of the MEGA board is scheduled for Wednesday, March 22, 2006.



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

KIRK T. STEUDLE
DIRECTOR

March 10, 2006

Ms. Karen Ammarman
Michigan Economic Growth Authority Board
Michigan Economic Development Corporation
300 North Washington Square
Lansing, Michigan 48913

Dear Ms. Ammarman:

As of March 3, 2006, I am appointing Jacqueline G. Shinn, Acting Chief Deputy Director, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In the case when Ms. Shinn is unable to attend a particular board meeting due to scheduling conflicts. I am appointing Michael Kapp, Acting Administrator, Transportation Economic Development and Enhancement, as my alternate representative to attend and act on my behalf.

If you have any question regarding these appointments, please call me at 373-0718.

Sincerely,

Kirk T. Steudle, P.E.
Director