

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on March 15, 2005, at 10:00 a.m.

Members Present

David Hollister

Faye Nelson

Mary Lynn Noah (acting and on behalf of Jay Rising, authorization attached)

Sandy Ring (acting for and on behalf of Donald Jakeway, authorization attached)

Jackie Shinn (acting for and on behalf of Gloria Jeff, authorization attached)

Others Present

Al Aceves, Deloitte & Touche

Bill Adamson, Delphi Automotive

Peter Anastor, MEDC

Toni Brownfield, MEDC

Cindy Bucks, SBC

John Byl, Warner, Norcross & Judd

Mark Chilcott, Chilcott Development Services

John Cubba, Redford Township

Jim Donaldson, MEDC

Pat Greve, AKT Peerless Environmental Services

Dana Hamilton, Assay Designs

Val Hoag, MEDC

Chad Howell, City of Kalamazoo

Sue Jackson, The Right Place, Inc.

Steve Jonas, Saginaw Future Inc.

Jeff Kaczmarek, MEDC

Ann Kennedy, Emerald Graphics

Mark Kennedy, Emerald Graphics

Carol Knobloch Johns, MEDC

Jeff Konczak, Alpena Marc

Jim Lancaster, MEDC

Bill Luethge, Delphi Automotive

Jim McBryde, MEDC

Susan McCormick, MEDC

Mike McGee, Miller, Canfield, Paddock and Stone

Mark Morante, MEDC

Jennifer Owens, MEDC

Jim Paquet, Secretary to the Board

Jon Peterson, SBC

Bill Phillips, Princeton Properties

Mike Pohnl, MEDC

Matthew Rick, Assistant Attorney General

Tim Robinson, Washtenaw Development Council
Jeffrey Sand, MEDC
Greg Sundin, City of Alpena
Vern Taylor, MEDC
Bob Tess, Macomb Co. Dept. of Planning & Economic Development
Kathleen White, MEDC
Kara Wood, MEDC
Tom Woods, Delphi Automotive

Call to Order

David Hollister called the meeting to order at 10:03 a.m.

Approval of Minutes from February 15, 2005

A motion was made, supported and carried that board meeting minutes from the February 15, 2005 meeting, be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Kennedy Acquisition, Inc.
d/b/a Emerald Graphics Corporation
4070 East Paris, SE
Kentwood, MI 49512*

Jim Donaldson gave this presentation. Kennedy Acquisition, Inc. d/b/a Emerald Graphics Corporation, is a privately owned international manufacturer with a world-class product portfolio, making it a leading supplier to the automotive and appliance markets. The company was purchased in September, 2003. Emerald Graphics manufactures a variety of plastic molded and painted products for the automotive and appliance markets.

Emerald Graphics is considering an expansion in Michigan or McAllen, Texas, to add paint capacity to handle large plastic parts in the appliance market. The company has proposed a two-phase expansion of Michigan operations that could take place at sites in Cascade Township and in the City of Kentwood.

The first phase of the project will require a \$4 million investment in machinery and equipment. The company is considering the lease of a 64,000 square foot existing facility in Cascade Township. If the company also undertakes the second phase of their expansion, they will invest an additional \$5 million to expand into 70,000 square feet of leased space in the City of Kentwood.

If both expansions take place, the company anticipates the creation of 347 new full time jobs paying \$517 per week.

It is estimated that this facility will create a total of 719 jobs in the state by the year 2015. We also estimate that the project will create total state government revenues through the year 2015, of \$23.2 million due to the location of this facility.

Emerald Graphics is considering locations in Cascade Township, the City of Kentwood, and McAllen, Texas, for their project. When comparing the Michigan and Texas locations, the company estimates that wage rates in McAllen are significantly lower than those in Cascade Township and in the City of Kentwood. When this project is fully staffed, that wage differential would save the company up to \$1.7 million per year in wage and benefit costs, if the expansion were to take place in Texas.

The company will be eligible for job training assistance of \$500 per worker for 347 new workers, or up to \$173,500, under the Economic Development Job Training program.

Cascade Township has proposed 50 percent abatement of the company's new personal property taxes for six years. The estimated value of the local property tax abatement is \$30,500. The abatement is expected to be finalized on March 9, 2005.

The City of Kentwood has proposed 50 percent abatement of the company's new personal property taxes for eight years. The estimated value of the local property tax abatement is \$172,000. The abatement is expected to be finalized on March 15, 2005.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 347 net new employees.

Board Discussion

Faye Nelson gave the Executive Committee report. After review, the Executive Committee recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-15, approving a MEGA tax credit for Kennedy Acquisition, Inc., d/b/a Emerald Graphics Corporation, was adopted.

ACTION ITEM

*Faurecia Interior Systems USA, Inc.
2050 Auburn Road
Auburn Hills, Michigan 48326*

Jim Donaldson presented this project to the board. Faurecia is a leading Tier 1

automotive supplier of interior vehicle components and exhaust systems. Traditionally Faurecia (created by the joining of two French automotive suppliers, Bertrand Faure Automobile & Ecia) has concentrated its business in Europe. However, during the last three years, the business in North America has grown from being a Tier 2 supplier of frame mechanisms into a Tier 1 supplier. Faurecia employs 59,000 worldwide in 160 manufacturing locations in 27 countries, including 592 people in Michigan.

Faurecia Automotive Seating operates manufacturing facilities in Troy and Auburn Hills. The Troy facility also serves as the division's North American technical center.

Faurecia Interior Systems operates a technical center in Auburn Hills.

Faurecia has been awarded contracts to supply door panels, center consoles, instrument panels, cockpits, inner door modules and front end modules for products to be manufactured in Toledo, Sterling Heights, and Lansing. As a result, the company is considering the lease of a new, built-to-suit 270,000 square foot facility in Sterling Heights. This facility would serve as the company's Midwest technology/manufacturing plant, and would manufacture components for assembly and sequencing at facilities in the direct vicinity of automotive assembly plants across the Midwest. The company anticipates an investment of \$40 million dollars in machinery and equipment, and creation of 400 new jobs at an average weekly wage of \$800.

It is estimated that these facilities will create a total of 942 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, of \$31.9 million due to the location of this facility.

The company is considering sites in Ohio, Indiana, and Ontario. An Ohio location would require a small sequencing center located within 10 miles of DCX SHAP, but lower labor costs in Ohio would still save the company approximately \$3.5 million per year once the project is fully staffed.

The Ohio Department of Development and the Ontario Ministry of Economic Development and Trade are actively courting the company and have offered generous incentive packages to attract the facility.

The company is eligible for job training assistance of \$500 per worker for 448 new workers, or up to \$224,000, under Michigan's Economic Development Job Training program.

The State of Michigan has also offered 50 percent abatement of the six-mill State Education Tax for a length of time to match the local property tax abatement. This abatement has an estimated value of \$619,000.

The City of Sterling Heights has proposed 50 percent abatement of the company's new real and personal property taxes for 12 years. The estimated value of this abatement is \$4.2 million. These abatements are expected to be finalized in April 2005.

Recommendation

The Michigan Economic Development Corporation recommends a 75 percent employment tax credit for 10 years, for up to 448 net new employees.

Board Discussion

Faye Nelson gave the Executive Committee report and on behalf of the committee, recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-16, authorizing a standard MEGA tax credit for Faurecia Interior Systems USA, Inc., was adopted.

ACTION ITEM

*Assay Designs, Inc.
800 Technology Drive
Ann Arbor, Michigan 48108*

Jim Donaldson presented this project to the board. Assay Designs, Inc. (ADI) was incorporated in 1992 in Georgia. The company moved to University of Michigan incubator space in Ann Arbor in 1994, and then moved to Pittsfield Township in 2000, where they currently employ 54 full time workers. ADI received their fifth Fast Track Award from the Washtenaw Development Council in 2004. ADI designs, manufactures and markets nearly 150 unique, specialized research immunoassay and detection kits, and over 400 recombinant proteins, antibodies and luminescent reagents. These products are used by pharmaceutical companies to develop new drugs, and by researchers in universities and other organizations to investigate basic mechanisms of disease.

The company is considering construction of a new 45,000 square foot building in Pittsfield Township that will house office and laboratory/production space. The company intends to pursue LEED certification through the United State Green Building Council (there are currently just six certified projects in the State of Michigan) for this building. The company anticipates capital investment of \$18 million, resulting in the creation of up to 86 new full time jobs paying an average weekly wage of \$829.

It is estimated that this facility will create a total of 238 jobs in the state by the year 2013. We also estimate that the project would create total state government revenues through the year 2013, of \$4.8 million due to the location of this facility in Michigan.

The company is also considering a location in Perrysburg, Ohio for their new facility. The Ohio Department of Development offered the company a generous incentive package for this facility. These incentives, along with lower wages in the Toledo area,

would save the company approximately \$250,000 per year if an Ohio location were chosen.

Pittsfield Township has approved 50 percent abatement of the company's taxes on new real property for eight years and 50 percent abatement of the company's taxes on new personal property for two years. The estimated value of the local property tax abatement is \$632,000.

Recommendation

The Michigan Economic Development Corporation recommends a 50 percent high technology employment tax credit for four years, followed by a 100 percent high technology employment tax credit for four years for up to 86 net new employees.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2005-17, authorizing a high-tech MEGA tax credit for Assay Designs, Inc., was adopted.

ACTION ITEM

*Michigan Bell Telephone Company
444 Michigan Avenue
Detroit, Michigan 48226*

Jim Donaldson presented this project to the Board. Michigan Bell Telephone Company is a subsidiary of SBC Communications, Inc. SBC Communications is a Fortune 50 company, which provides voice and data telecommunications products and services for consumers and businesses including local, long distance, DSL, wireless data networks and satellite television. The company has approximately 167,000 employees worldwide, including nearly 13,800 in Michigan.

SBC is working on a Network Center Transformation Plan to provide a consistent look, function and feel of a "Single SBC" for the benefit of external and internal customers. As part of the Plan, SBC was going to close seven network centers in Southfield and Detroit and consolidate those operations to other centers outside of Michigan. SBC is now considering maintaining those network centers in Southfield and Detroit. Keeping these centers in Michigan will lead to the retention of up to 930 positions in Southfield and Detroit, with the retained jobs paying an average weekly wage of \$1,047, along with a generous benefit package.

The project will require only a minimal investment since the centers are already located in Michigan, however the company will make a \$1.9 million investment to make

infrastructure upgrades and purchase new IT equipment at the facilities in 2005 and spend an additional \$1.8 million in 2006 for additional infrastructure upgrades.

It is estimated that this facility will retain a total of 2,140 jobs in the state by the year 2014. We also estimate that the project would maintain total state government revenues through the year 2014, of \$97.3 million due to the retention of this facility.

As part of the Network Center Transformation Plan, the seven network centers in Southfield and Detroit would have been closed and the work consolidated to facilities outside of Michigan, including Ohio. The State of Ohio and the City of Toledo offered SBC significant incentives to consolidate these centers to Toledo. Incentives offered for this project include jobs creation tax credits, training, property tax abatements and other financing opportunities from the Toledo Port Authority.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$1,000 per retained employee, up to \$930,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment retention credit for 10 years, for the retention of up to 930 jobs.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the requested retention credit.

Jim Paquet discussed a change that is needed for the Resolution, as presented. Along with retained jobs, a new capital investment of \$1,750,000 is stipulated in one or both of the facilities. The capital investment should be \$1,900,000, not \$1,750,000.

Hearing no further discussion, a motion was made and supported and Resolution 2005-18, as amended, authorizing a retention credit for Michigan Bell Telephone Company, was adopted.

ACTION ITEM

*Delphi Automotive Systems, LLC
Delphi Saginaw Steering
3900 Holland Road
Saginaw, Michigan 48601-9494*

Delphi Automotive Systems was approved for a "jumbo" Brownfield SBT credit on December 12, 2000. The credit was awarded for renovations and re-equipping of portions of Steering Systems existing facilities to manufacture a new "e-steering" product line. The company proposed to make investments of up to \$315 million in the

project, leading to a Brownfield SBT credit of up to \$30 million. Jim Donaldson discussed the company's plans to use their Brownfield SBT credit, and the need for an amendment to the previously awarded credit. At the time of application, Delphi was encouraged to apply for a maximum credit or "best case scenario", even though they had not yet secured contracts requiring a level of investment equal to \$300 million for this product. By the end of 2002, Delphi had indicated that product market conditions would not require them to make a \$300 million investment in the "e-steering" program because the level of sales for this product was not as significant as originally anticipated.

This amendment is being requested to align actual spending within the original brownfield boundaries to the level of investment needed for the "e-steering" program. This amendment will remove the "jumbo" brownfield requirements and redefine the project for an anticipated \$90 million investment for the "e-steering" program. The amendment will not change the original brownfield boundaries.

Recommendation

The Michigan Economic Development Corporation recommends approval of this amendment for a credit not to exceed \$9,000,000.

Board Discussion

Faye Nelson gave the report from the Executive Committee. The Executive Committee agrees to the requested amendment for Delphi Automotive Systems.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-19, amending Resolution 2000-048 to lower the eligible investment needed for Delphi Automotive Systems, LLC to \$90,000,000, was adopted.

ACTION ITEM

*Delphi Automotive Systems, LLC
Delphi Saginaw Steering
3900 Holland Road
Saginaw, Michigan 48601-9494*

Jim Donaldson discussed this application for brownfield redevelopment tax credit. Delphi Automotive Systems is a component of Delphi, a world leader in mobile electronics, transportation components and systems technology. Delphi Automotive Systems in Buena Vista Township is a major automotive supplier, focusing on steering components. Delphi is seeking to reinvest in their Delphi Saginaw Steering manufacturing facility in order to provide future opportunities for new, high technology product and process manufacturing. This will facilitate the enhanced performance and competitiveness of the facility.

Specifically, Delphi will reinvest \$99.9 million at the facility, including \$10 million for real property improvements and \$89.9 million for new machinery and equipment. The project will not lead to new job creation, however the investment will help to stabilize future employment at the facility.

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

According to the Michigan Department of Labor and Economic Growth, the unemployment rate for Buena Vista Township was 12.9 percent in 2004.

The eligible investments to be undertaken in Buena Vista Township by Delphi Automotive Systems, LLC include:

Building Renovations:	\$ 10,000,000
Addition of Machinery & Equipment:	<u>\$ 89,999,000</u>
Project Total:	\$ 99,999,000

Buena Vista Township approved 20-year PA 328 personal property tax abatement for this site in 1999. The value of the remaining abatement, based on the new personal property investment, is estimated at \$14.2 million, including \$1.8 million in State Education Tax abatement.

The property, used for industrial purposes, is functionally obsolete as certified by a level 3 assessor, and is located within the boundaries of Buena Vista Township, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on February 22, 2005, by the Saginaw County Board of Commissioners. Delphi Automotive Systems, LLC is a qualified taxpayer.

Recommendation

The MEDC recommends approval of a MEGA Brownfield Redevelopment Credit of 10% of the eligible investment in the Delphi Automotive Systems, LLC project, not to exceed a \$9,999,000 credit.

Board Discussion

On behalf of the Executive Committee, Faye Nelson has recommended approval of the requested brownfield redevelopment credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-20, authorizing a brownfield single business tax credit for Delphi Automotive Systems, LLC, was adopted.

ACTION ITEM

*Detroit Diesel Corporation
13400 West Outer Drive
Redford, Michigan 48239*

Detroit Diesel Corporation (DDC), a subsidiary of DaimlerChrysler AG, is considering investments that will transform its approximately three million square foot Redford Township manufacturing facility into a "Manufacturing Mall" for DaimlerChrysler Commercial Vehicle Division business units in NAFTA. The project will require major investment in the 65 year-old facility.

As preparation for greater redevelopment projects, the company expects to spend \$10.2 million to remove building components and utilities that are obsolete. The company expects to spend an additional \$219 million to renovate and equip the facility for the four major projects that were announced as part of a MEGA Employment Credit approved in February 2005.

Total Michigan employment directly impacted by these projects is estimated at 1,232 workers, including 632 retained positions, and 600 new jobs.

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

Wayne County experienced an unemployment rate of 8.3 percent for December 2004, compared to 6.9 percent statewide.

The company received approval for a MEGA employment credit for new and retained jobs at the February 2005 MEGA board meeting, valued at \$9.2 million. The company will also be eligible for job training assistance of \$1000 per worker for 143 new workers, or up to \$143,000, under the Economic Development Job Training program.

Redford Township has approved 50 percent abatement of the company's new personal property taxes for 12 years. In conjunction with this abatement, the State of Michigan has also offered 100 percent abatement of the six-mill State Education Tax for a length of time to match the local property tax abatement. These abatements have an estimated value of \$18 million.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	<u>\$10,202,117</u>
TOTAL	\$10,202,117

TAX CAPTURE BREAKDOWN:

State School Property Taxes	\$ 4,552,606	(45% of MEGA Activities)
Local Property Taxes	<u>\$ 5,649,511</u>	(55% of MEGA Activities)
Total MEGA Activities	\$10,202,117	

Tax capture for MEGA Activities is to be used solely for reimbursement of costs associated with the demolition of obsolete structures. It is not allowed for the costs associated with replacement structures, public infrastructure, local revolving loan fund, or administrative, interest, or other unspecified costs.

COST OF ELIGIBLE INVESTMENTS:

Building Improvements	\$ 30,000,000
Machinery, Equipment and Fixtures	<u>\$189,000,000</u>
TOTAL	\$219,000,000

The property is has been designated functionally obsolete by the Charter Township of Redford's Level 3 Assessor. The property is located within the boundaries of the Charter Township of Redford, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on February 22, 2005.

Recommendation

The Michigan Economic Development Corporation recommends approval of a MEGA SBT Brownfield Redevelopment Credit not to exceed \$3,000,000 based on eligible investment totaling \$219,000,000 and approval of the school tax capture not to exceed \$4,552,606 based on eligible activities totaling \$10,202,117, described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommends approval of the requested SBT credit. A work plan has also been presented to the board for this project. The Executive Committee reviewed this work plan and recommends its approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2005-21, authorizing the capture of school operating taxes for the Charter Township of Redford for the Detroit Diesel Corporation redevelopment project, was adopted.

A motion was made and supported, and Resolution 2005-22, authorizing a brownfield Single Business Tax credit for Detroit Diesel Corporation for their brownfield redevelopment project, was also adopted.

ACTION ITEM

*City of Alpena Brownfield Redevelopment Authority
208 North First Avenue
Alpena, Michigan 49707*

Jeff Kaczmarek explained this redevelopment project to the board. The project involves the renovation of the former Mill Coating Products Facility building and property into the National Oceanic and Atmospheric Administration (NOAA) offices and marine operations center. The property is located on the Thunder Bay River in an area known

as "Old Town" and consists of a 21,000 square foot building that was built in 1964. This is part of the overall redevelopment of the former Fletcher Paper Mill site, which closed in 2000.

This phase of the project will include decommissioning the manufacturing and wastewater treatment equipment located on the property and renovating the building into offices, research facilities, an interactive museum and residential quarters for visiting scientists and marine biologists. Once completed NOAA estimates 80,000 people will visit the interactive research museum annually.

It is also anticipated that there will be additional submittals within the next several years for SBT Credits to assist in the development of a hotel project on this site.

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

The project is located in a core community and according to the Department of Labor and Economic Growth, the City of Alpena's unemployment rate was 6.7 percent in December, 2004. This compares to the statewide average of 6.9 percent and national average of 5.1 percent.

A CDBG grant was approved in the summer of 2003 in the amount of \$1.6 million for improvements to roads, sewer and water, and streetscape. This resulted in the creation of 160 jobs related to the overall redevelopment project of the former Fletcher Paper Mill site.

There are 52.56 mills available for capture, with school millage equaling 24 mills (46%) and local millage equaling 28.556 mills (54%). The recommended tax capture breaks down as follows:

School tax capture	\$352,078 (46%)
Local tax capture	<u>\$413,309 (54%)</u>
	\$765,387

PROJECT COSTS

Public Infrastructure	\$659,864
Work Plan Preparation	\$ 6,545
Contingency (15%)	<u>\$ 98,978</u>
Total	\$765,387

The property is contaminated. The project is the subject of a brownfield plan approved by the City of Alpena, on February 21, 2005. The City of Alpena is a qualified local governmental unit.

RECOMMENDATION:

The Michigan Economic Development Corporation recommends approval of the school tax capture not to exceed \$352,078 based on eligible activities totaling \$765,387, as described above.

Board Discussion

Faye Nelson gave the Executive Committee report. On behalf of the Executive Committee, Ms. Nelson recommended support of the requested tax capture for this project.

Hearing no further discussion, a motion was made and supported and Resolution 2005-23, authorizing the capture of school operating taxes for the City of Alpena Brownfield Redevelopment Authority for the Alpena Marc LLC project, was adopted.

ACTION ITEM

*Detroit Brownfield Redevelopment Authority
660 Woodward Avenue, Suite 1590
Detroit, Michigan 48226*

This project is the continuation of the revitalization efforts lead by Jefferson Avenue Housing Development Corporation and is the culmination of the East Village Development plan. Jeff Kaczmarek explained the project to the board, which consists of the redevelopment of 25 parcels on one block located on the City of Detroit's southeast side. The project is part of a larger effort to revitalize a 23 city-block area generally bounded by Kercheval to the north, the alley east of Cadillac Boulevard to the east, Jefferson Avenue to the south, and Fischer to the west.

The captured taxes will be used to pay for site preparation for the project. The total investment is estimated at \$3,930,045 and includes the construction of 23 new homes and the rehabilitation of one home. Each home will have at least three bedrooms and will be between 1350 and 2100 square feet. The new homes will be market rate, while the rehabilitated home will be marketed to low-moderate income purchasers.

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

The unemployment rate for Wayne County is 8.6 percent. The unemployment rate for the City of Detroit is 14 percent.

The project is using a New Markets Tax Credit for Wayne County, has been designated a Neighborhood Enterprise Zone (NEZ) by the City of Detroit, and is using City of Detroit Community Development Block Grant funding. The project has not yet

requested an SBT credit for eligible investment pursuant to this Brownfield designation due to property ownership issues, but the action is anticipated.

There are 16.9823 NEZ mills available for immediate capture, with school millage equaling 1.2644 mills (7%) and local and county millage equaling 15.7179 mills (93%). However, after the expiration of the NEZ (12 years) there will be 46.5780 mills to capture, with school millage equaling 6 mills (13%) and local and county mills equaling 40.5780 (87%). The recommended tax capture breaks down as follows:

\$ 26,331	State School Property Tax
+170,089	Local Property Taxes
\$196,420	

PROJECT COSTS

Site Preparation	\$161,000
Contingency Costs	+ 35,420
Total	\$196,420

The property has been deemed blighted and is located within the boundaries of the City of Detroit, a qualified local governmental unit. The project is the subject of a brownfield plan approved by the Detroit Brownfield Authority on November 14, 2003.

Recommendation

The Michigan Economic Development Corporation recommends approval of school tax capture not to exceed \$26,331 based on eligible activities totaling \$196,420 described above.

Board Discussion

Faye Nelson gave the Executive Committee report and recommended approval on behalf of the Executive Committee.

Hearing no further discussion, a motion was made and supported and Resolution 2005-24, authorizing the capture of school operating taxes for the City of Detroit for the East Village, LLC project, was adopted.

ACTION ITEM

*City of Ferndale Brownfield Redevelopment Authority
300 East Nine Mile Road
Ferndale, Michigan 48220*

This project involves the demolition of the former Clark School and a residential development of new homes. This will be a Victorian type residential development with

30 new houses, each with 3-4 bedrooms and 2 baths. The existing water and sewer is antiquated and will be reconstructed and brought up to date. New sidewalks, curb modifications and the addition of electrical and cable facilities will be completed in order to meet the demand of the new development.

The new development will consist of market rate homes to act as a catalyst and spur development in the area, and directly affect the commercial establishments on both sides of Eight Mile.

The Work Plan requests demolition, asbestos abatement, public infrastructure improvements, and non-response site preparation associated with the development of the site.

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

The Wayne County unemployment rate annual average for 2004 was 8.1 percent. However, Ferndale is in Oakland County and their annual average unemployment rate for 2004 was 5.1 percent. The City of Ferndale annual average unemployment rate for 2004 was 6.1 percent, whereas the State of Michigan unemployment rate for 2004 was approximately 7.3 percent.

There are 33.6350 mills available for capture, with school millage equaling 6 mills (18%) and local millage equaling 27.6350 mills (82%). The tax capture breaks down as follows:

School tax capture	\$ 30,989 (18%)
Local tax capture	<u>\$240,936 (82%)</u>
	\$271,925

PROJECT COSTS

Demolition	\$130,000
Public Infrastructure	\$ 14,600
Site Preparation	\$ 10,000
Asbestos Abatement	\$ 75,000
Work Plan Preparation	\$ 3,000
MEGA Review Cost	\$ 1,000
Contingency 15%	<u>\$ 38,325</u>
Total	\$271,925

The property has been deemed to be functionally obsolete by the City of Ferndale. The project is the subject of a Brownfield Plan approved by the City of Ferndale on November 8, 2004.

Recommendation

The Michigan Economic Development Corporation recommends approval of school tax capture not to exceed \$30,989 based on eligible activities totaling \$271,925 as described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the project.

Hearing no further discussion, a motion was made and supported and Resolution 2005-25, authorizing the capture of school operating taxes for the City of Ferndale Brownfield Redevelopment Authority for the Clark School Property redevelopment project, was adopted.

ACTION ITEM

*City of Grand Rapids Brownfield Redevelopment Authority
Grand Rapids, Michigan*

Jeff Kaczmarek presented this project to the board, which involves the rehabilitation of a vacant, functionally obsolete four-story building, formerly Union High School and middle school, in downtown Grand Rapids. The site is bounded by Broadway, Fourth, Turner and Third streets.

Renovation will include demolition, lead and asbestos abatement, replacement of outdated infrastructure including HVAC, electrical and fire protection, replacement of the roof, and construction of new interior walls to ultimately result in approximately 130 affordable condominium units and possible limited commercial use.

The project is located in an area of single-family/multi-family homes, intermixed with commercial and retail operations. The project will restore this vacant, obsolete building to usefulness, will provide construction jobs, and will significantly increase the city's tax base. It will also provide affordable housing in the downtown Grand Rapids area, close to office buildings and local businesses.

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

The project is using state and local TIF, Renaissance Zone and Neighborhood Enterprise Zone benefits.

There are 26.7355 mills available for capture, with school millage equaling 10.5333 mills (39%) and local millage equaling 16.20 mills (61%). The recommended tax capture breaks down as follows:

School tax capture	\$ 394,649 (39%)
Local tax capture	+ 617,271 (61%)
	<u>\$1,011,920</u>

PROJECT COSTS

Public Infrastructure	\$ 49,845
Demolition	\$ 420,000
Asbestos/Lead Abatement	\$ 375,000
Work Plan Preparation	\$ 8,500
MEGA Review Cost	\$ 1,000
Contingency (15%)	<u>\$ 157,575</u>
Total	\$1,011,920

The property has been deemed functionally obsolete by the City of Grand Rapids. The project is the subject of a brownfield plan approved by the City of Grand Rapids on February 15, 2005.

Recommendation

The Michigan Economic Development Corporation recommends approval of the school tax capture not to exceed \$394,649 based on eligible activities totaling \$1,011,920, described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the project described above.

Hearing no further discussion, a motion was made and supported and Resolution 2005-26, authorizing the capture of school operating taxes for the City of Grand Rapids Brownfield Redevelopment Authority for the Parkland Investments, Inc. redevelopment project, was adopted.

ACTION ITEM

City of Kalamazoo Brownfield Redevelopment Authority
 241 West South Street
 Kalamazoo, Michigan 49007

The purpose of this public/private collaboration is to redevelop a 24,000 square foot vacant, contaminated, historic building into a mixed-use project. This project is the final piece of a long-term initiative by the City of Kalamazoo and its economic development partners, Downtown Kalamazoo Incorporated and Downtown Tomorrow Incorporated, to redevelop a three block area in the downtown's northeast business district.

The property is located at 202 & 242 East Kalamazoo Avenue. The developer proposes to demolish the former gas station adjacent to the former United Electric Building and redevelop the United Electric Building. Proposed uses include office, restaurant and entertainment.

The extraordinary costs associated with the rehabilitation of this historic building include structural improvements, extensive restoration/construction and site improvements including public streetscape.

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

According to the Department of Labor and Economic Growth, the City of Kalamazoo's unemployment rate was 7.6 percent in December, 2004. This compares to the statewide average of 6.9 percent, and national average of 5.1 percent.

In addition to the state and local TIF, the developer is pursuing a Single Business Tax Credit request in the amount of \$423,725. The Downtown Development Authority has approved a \$135,000 façade & rehabilitation grant toward the project, as well as a \$125,000 streetscape grant. Downtown Tomorrow Incorporated has approved a \$550,000 market value gap loan and the Brownfield Redevelopment Authority has also approved a \$225,000 market value gap loan for the project.

There are 63.8705 mills available for capture, with school millage equaling 24 mills (38%) and local millage equaling 39.87 mills (62%). The recommended tax capture breaks down as follows:

School tax capture	\$26,600 (38%)
Local tax capture	<u>\$43,400 (62%)</u>
	\$70,000

PROJECT COSTS

Public Infrastructure	\$50,000
Demolition	10,000
Asbestos Abatement	<u>10,000</u>
Total	\$70,000

The property has been declared a "facility" as defined in Section 2(m) of Act 381 and is in the city, a qualified local governmental unit as defined in Section 2(v) of Act 381. The project is the subject of a brownfield plan approved by the City of Kalamazoo on August 2, 2004.

Recommendation

The Michigan Economic Development Corporation recommends approval of the school tax capture not to exceed \$26,600 based on eligible activities totaling \$70,000, described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the project described above.

Hearing no further discussion, a motion was made and supported and Resolution 2005-27, authorizing the capture of school operating taxes for the City of Kalamazoo Brownfield Redevelopment Authority for the United Building redevelopment project, was adopted.

ACTION ITEM

*City of Norton Shores Brownfield Redevelopment Authority
4814 Henry Street
Norton Shores, Michigan 49441*

This project involves the redevelopment of a former landfill site, which will include the conversion of an abandoned retail building and associated real estate into a mixed use, live-work development. One existing building will be remodeled and expanded, one building will be demolished and additional buildings will be constructed on the property.

The proposed building uses include residential, professional office and mixed use retail. The retail space will be used by tenants such as a sports medicine center, a home design center and a local restaurant. Approximately 86 residential units will be constructed as part of the redevelopment.

The Work Plan requests public infrastructure improvements, non-response site preparation and demolition associated with the development of the site.

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

According to the Department of Labor and Economic Growth, the City of Norton Shores' unemployment rate was 4.8 percent in November, 2004. This compares to the statewide average of 6.5 percent, and national average of 5.2 percent.

The project is using \$2,728,000 of Tax Increment Financing (Local, MEGA & MDEQ) and \$4,133,000 of Brownfield Single Business Tax Credits has been approved for Eastowne One, Eastowne Two, and Eastowne Three, LLC at the December 14, 2004 board meeting.

There are 44.94 mills available for capture, with school millage equaling 24 mills (53%) and local millage equaling 20.9411 mills (47%). The tax capture breaks down as follows:

School tax capture	\$1,062,650 (53%)
Local tax capture	\$ 942,350 (47%)
	<u>\$2,005,000</u>

PROJECT COSTS

Public Infrastructure	\$1,365,000
Demolition	\$ 300,000
Site Preparation	\$ 339,000
MEGA Review Cost	\$ 1,000
Total	<u>\$2,005,000</u>

The subject property was previously used for industrial, commercial or residential purposes and has been determined to be a "facility" pursuant to Part 201 of Act 451. The property is located within the boundaries of the City of Norton Shores, a qualified local governmental unit and is the subject of a brownfield plan duly approved by the City of Norton Shores on December 7, 2004.

Recommendation

The Michigan Economic Development Corporation recommends approval to capture school taxes not to exceed \$1,062,650, for eligible activities totaling \$2,005,000.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the project as described.

Hearing no further discussion, a motion was made and supported and Resolution 2005-28, authorizing the capture of school operating taxes for the City of Norton Shores Brownfield Redevelopment Authority for the Eastowne Development project, was adopted.

ACTION ITEM

*City of Taylor Brownfield Redevelopment Authority
23555 Goddard Road
Taylor, Michigan 48180*

Jeff Kaczmarek presented this project to the board. The developer proposes to demolish an existing 128,000 square foot vacant warehousing and retail site and

construct 204 market-rate, attached single-family homes. The developer estimates the cost for demolition to be \$682,370 and anticipates investing \$40 million in the project.

The property is both blighted and functionally obsolete and is located on the outskirts of a Taylor commercial area. According to the development agreement between the developer and the City of Taylor, demolition will occur by November 2005, 36 housing units will be completed by the end of 2006, 70 more units will be completed by mid-2007, and the last units will be completed by mid-2009.

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

The eligible property is located in an area of high unemployment. The unemployment rate in the City of Taylor for 2004 was 6.1 percent. Taylor is located in Wayne County. Wayne County's current unemployment rate is 8.6 percent.

There are 17.0404 mills available for capture, with school millage equaling 6 mills (35%) and local millage equaling 11.0404 mills (65%). The recommended tax capture breaks down as follows:

\$ 682,500.00	State School Property Tax (35%)
<u>+ 1,267,500.00</u>	Local Property Taxes (65%)
\$ 1,950,000.00	

PROJECT COSTS

Demolition	\$ 650,000
Infrastructure Improvements	1,000,000
Site Preparation	<u>+ 300,000</u>
Total	\$ 1,950,000

The property has been deemed functionally obsolete, and is located within the boundaries of the City of Taylor, a qualified local governmental unit. The project is the subject of a brownfield plan approved by the City of Taylor Brownfield Redevelopment Authority on June 28, 2004.

Recommendation

Michigan Economic Development Corporation recommends approval of school tax capture not to exceed \$682,500 based on eligible activities totaling \$1,950,000 described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee recommended approval of the project as described.

Jim Paquet brought a correction to the attention of the board. In the resolution as presented, the amount designated as the maximum authorization for school tax capture should be \$682,500, not \$341,250. The total cost of eligible non-environmental activities is \$1,950,000, rather than the \$975,000 that was stated in the resolution.

Hearing no further discussion, a motion was made and supported and Resolution 2005-29, as amended above, authorizing the capture of school operating taxes for the City of Taylor Brownfield Redevelopment Authority for the Princeton Properties redevelopment project, was adopted.

The meeting was adjourned at 10:45 a.m.