

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 April 17, 2007, at 10:00 a.m.

Members Present

Keith Cooley

Jim Epolito

Bo Garcia

Faye Alexander Nelson (via conference call)

Scott Schrager (acting on behalf of Robert Kleine, authorization attached)

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

Others Present

Mark Adams, Oakland County Planning & Economic Development Services

Karen Ammarman, Secretary to the Board, MEDC

Amy Banninga, MEDC

Utz-Jens Beister, IAV Automotive Engineering, Inc.

Tiffany Bloom, MEDC

Cheryl Boland, IAV Automotive Engineering, Inc.

Stacy Bowerman, MEDC

Toni Brownfield, MEDC

John Byl, Warner Norcross

Paul Cloutier, Microposite, Inc.

Rod Coffey, Microposite, Inc.

Jason Cooper, DaimlerChrysler Corporation

Dan Domenicucci, Ernst and Young

Jim Donaldson, MEDC

Jessica Eisenman, Washtenaw County Department of Planning

Kris Elliott, Infinity Companies, LLC

Dan Foster, Northville Township

Tamara French, Cayman Chemical Company, Inc.

Rudiger Groos, Seissenschmidt Corporation

Stephen Haakenson, MEDC

Nicholas Hahn, World Alliance Financial Corporation

Jeff Irwin, Washtenaw County Board of Commissioners

Shigeru Iwaki, Keihin Michigan Manufacturing, LLC

Bob Jacobson, XY, LLC

Michael Jacobson, XY, LLC

Gary Kellan, Oscoda Township

Kathy Kleckner, MEDC

Jim Linton, AKT Peerless

Masashi Matsuo, Keihin Indiana Precision Technology, Inc.

Brian McBroom, City of Auburn Hills

Mark Morante, MEDC

Brian Murphy, City of Troy

Dan Oegemaw, City of Grand Rapids

Nate Pilon, MEDC

Mike Pohnl, MEDC

Matthew Rick, Attorney General's Office

Tim Robinson, Ann Arbor SPARK

Christine Roeder, MEDC
Urs Shaffluetzel, Seissenschmidt Corporation
Mike Shore, MEDC
Vern Taylor, MEDC
Duane Thelen, MSHDA
Don VanSingel
Greg Young, Keihin Indiana Precision Technology
John Zann, PMA Consultants, LLC

Call to Order

Jim Epolito called the meeting to order at 10:03 a.m.

Approval of Minutes from March 30, 2007

After review, a motion was made, supported and carried that board meeting minutes from the March 30, 2007, meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Keihin Michigan Manufacturing, LLC
400 West New Road
Greenfield, IN 46140*

Jim Donaldson introduced Masashi Matsuo and Greg Young with Keihin Indiana Precision Technology, Inc., and Shigeru Iwaki and Dave Thomas with Keihin Michigan Manufacturing, LLC. Mr. Young described the project for the board. Keihin Michigan Manufacturing, LLC (KMM), is a new entity and is a wholly-owned subsidiary of Keihin Indiana Precision Technology, Inc. (KIPT). Incorporated in April 1988, KIPT was formed to manufacture and supply air and fuel management systems, HVAC systems and electronic control systems. The company sells all of its products to Honda of America Mfg., Inc. and its affiliates primarily in the United States and Canada. KIPT and its subsidiaries employ over 2,000 people at facilities in Indiana and North Carolina.

KMM is considering the construction of a new manufacturing facility at a greenfield site in the Village of Capac in St. Clair County. When fully ramped up, the new plant will house three shifts of plastic injection molding and two shifts of assembly operations for HVAC assemblies and intake manifold assemblies. The anticipated investment to construct and equip this new plant is approximately \$22 million. This new plant will employ up to 260 people within 5 years, with an average weekly wage of \$564.

Jim Donaldson provided additional information about the project for the board. It is estimated that this facility will create a total of 570 jobs in the state by the year 2019. We also estimate that the project would maintain total state government revenues through the year 2019, due to the location of this facility.

KMM is also considering Indiana for this plant location, where they already have facilities and land. Construction costs, as well as labor and benefits costs, are considerably lower in Indiana. Indiana is also geographically better situated for serving multiple customers.

The Village of Capac is prepared to support a 50 percent, 12-year abatement of the company's property taxes related to investments in new real and personal property. The abatement on the company's initial new investment has an estimated value of \$2.3 million. The Village has scheduled a public hearing for April 16 to establish an Industrial Development District, and is prepared to approve the tax abatement at their May 2007 meeting.

The State of Michigan will also abate 100 percent of the State Education Tax (SET) mills for the length of the property tax abatement. The value of the SET abatement is worth up to \$500,000 over the term of the local property tax abatement.

Additionally, the State of Michigan is offering up to \$350,000 in Community Development Block Grant funds for public infrastructure improvements required to support this project.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for eleven years, for up to 260 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-28, authorizing a MEGA tax credit for Keihin Michigan Manufacturing, LLC was adopted.

ACTION ITEM

*Seissenschmidt Corporation
659 South US-23
Harrisville, Michigan 48740*

Jim Donaldson introduced Gary Kellan from Oscoda Township along with Urs Schaffluetzel and Rudiger Groos with Seissenschmidt Corporation. Mr. Schaffluetzel described the project for the board. The Seissenschmidt-Group's forged precision components are used in powertrain and driveline technology by almost all automotive manufacturers as well as leading system suppliers around the world. Internationally, the Seissenschmidt-Group has a presence in the North American market with Seissenschmidt Corporation and in Hungary with Seissenschmidt Precision Components Kft. In 2006, the company had approximately 400 employees and sales of \$181 million. Seissenschmidt Corporation was formed in 2001 as a sales organization for the North American market. Sales here have continuously increased and were over \$22.6 million in 2006.

In 2001 Seissenschmidt AG began exporting forging products to North America. Presently, finished forgings are shipped to a contractor in Canada where they are re-packaged according to the customer specifications and shipped to the customer.

The proposed operation in North America will serve as the North American headquarters and also perform shot peening operations, inspection, packaging and shipping to customers. If Seissenschmidt is successful in obtaining orders for finished machined parts it would install high tech machining equipment at our facility in North America.

Initially the company will hire up to 15 to handle the current level of work. After two years, 30-40 employees will be at the facility. If additional work is procured, the employee count will be significantly higher. Expected wages are approximately \$11 per hour for unskilled labor, up to \$18 per hour for skilled labor. The average hourly wage at the end of 2007 will be \$14.90 with fringe benefits including paid vacation, health insurance and pension plan.

Mr. Kellan discussed the local contribution for the board. The community is offering a low cost lease for the facility that will save the company at least \$12,000 annually. The local workforce development board is offering recruitment, screening, and on-the-job training benefits to the company.

Jim Donaldson provided additional information about the project for the board. It is estimated that this facility will create a total of 152 jobs in the state by the year 2014. We also estimate that the project would increase total state government revenues through the year 2014, of \$2.1 million due to the location of this facility.

Because of the number of southern automotive assembly plants, Seissenschmidt has also considered a location in North Carolina. Because of this state's proximity to the Atlantic coast, shipping costs are considerably lower. In addition, job creation tax credits and grants to purchase machinery have been offered by state and local units of government.

The facility is currently in a Renaissance Zone in Oscoda Township. The state is offering a Community Development Block Grant to assist the community with building improvements.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 7 years, for up to 85 net new jobs.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-29, authorizing a MEGA tax credit for Seissenschmidt Corporation was adopted.

ACTION ITEM

*World Alliance Financial Corp. f/k/a Vertical Lend, Inc.
3 Huntington Quadrangle, Third Floor
Melville, New York 11747*

Jim Donaldson introduced Brian Murphy from the City of Troy, Mark Adams from Oakland County Planning and Economic Development Services, and Nicholas Hahn with World Alliance Financial Corporation. Mr. Hahn described the project for the board. World Alliance Financial Corporation (WAFC) is primarily engaged in the origination and brokerage of conforming

residential real estate mortgage loans and reverse mortgage loans. In addition, the Company generates revenue through the sale of traditional and reverse mortgage leads to other mortgage lenders and brokers. The company operates in thirty-two states, with 215 full time and 2,300 part time employees. WAFC does not currently have operations in Michigan.

WAFC is searching for a 30,000 sq. ft. facility to house a regional headquarters operation. This expansion is in response to their significant growth in the reverse mortgage loan market. The regional headquarters will serve three primary purposes: mortgage originator/call center, corporate data center and regional administrative services. The capital investment, in addition to the leased facility costs, is anticipated to be \$835,000 in the first year.

The new operation will employ up to 350 people within five years, with a starting average weekly wage of \$832. The majority of these new jobs will be sales staff.

Mr. Murphy discussed the local assistance for the board. The City of Troy Downtown Development Authority is considering a grant of \$20,000 in support to the project. The funds will be used to assist the company with the start up of their operations. Additionally, the Oakland County Michigan Works! Agency/Oakland County Workforce Development Division has committed \$50,000 in Workforce Investment Act Incumbent Worker funds to train employees of WAFC.

Jim Donaldson provided additional information about the project for the board. It is estimated that this facility will create a total of 619 jobs in the state by the year 2014. We also estimate that the project would create total state government revenues through the year 2014, of \$9,567,000.

WAFC is also considering Jacksonville, Florida for a regional headquarters operation. The primary advantages associated with the Jacksonville location are employee and facility costs. Deutsche Bank is one of their primary banking partners and has offered free space for a year, with a low lease rate for the next five years, in a vacant facility owned by Deutsche Bank. Labor and benefits costs in Jacksonville are also considerably lower.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for eight years, for up to 350 net new employees. The Agreement provides for cessation and/or repayment of the credit should the company fail to meet a combined lease commitment of eight years.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit.

Keith Cooley asked if the company serviced the mortgages. Mr. Hahn replied that WAFC originates the loans, then sells them to a loan servicer.

Jackie Shinn asked the location of the proposed project. Mr. Murphy stated it would be located at 300 West Big Beaver Road, Troy, Michigan.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-30, authorizing a MEGA tax credit for World Alliance Financial Corporation, was adopted.

ACTION ITEM

*DaimlerChrysler Company LLC
1000 Chrysler Drive
Auburn Hills, Michigan 48326-2766*

Jim Donaldson introduced Jason Cooper with DaimlerChrysler Corporation, Don VanSingel, and Dan Domenicucci with Ernst and Young. Mr. Cooper described the project for the board. DaimlerChrysler Company LLC, a wholly-owned subsidiary of DaimlerChrysler AG, is the U. S. manufacturing entity of the Chrysler Group. The company develops, manufactures, distributes and sells a wide range of automotive products, mainly passenger cars, light trucks and commercial vehicles.

DaimlerChrysler (DCX) is contemplating substantial capital investment in a new engine plant that could be located at the site of the current DCX engine plant in Trenton. The facility will produce V-6 engines beginning in the 2010 model year with production beginning in April 2009. This new facility will retain 485 jobs in Trenton with an average weekly wage of \$1,043. The company is also considering locations in Mexico, Indiana and Ohio.

The company must achieve cost savings and efficiencies in every facet of its operations and is looking at every facility to identify and pursue operational efficiencies and savings. DCX has excess manufacturing capacity in the United States and must make decisions regarding which facilities will remain in production over the long term. Plants that receive sizable investment and secure successful product programs are less likely to be idled in the near future, thereby helping to secure DCX's operations in Michigan.

Although no job creation or retention credits will be provided at these two facilities, the company has pledged to invest at least \$500 million in at least two other Michigan facilities should the MEGA board approve credits for Trenton Engine.

Jim Donaldson provided additional information about the project for the board. It is estimated that retention of the company's manufacturing facilities will retain a total of 1324 jobs in the state by the year 2017. We also estimate that the project would maintain total state government revenues through the year 2017, of \$71 million due to the retention of this facility.

The community has pledged an eight-year 100 percent PA 328 abatement and an additional six-year 50 percent abatement of personal property taxes for new equipment at the site. In addition, the community will offer a 12-year, 50 percent abatement of property taxes for new investment in buildings at the site.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment credit for nine years for up to 485 retained jobs at the Trenton facility provided that the company makes additional investment in at least two other Michigan facilities by December 31, 2009.

As required by the MEGA statute, this credit is subject to a clawback should the company not meet certain contractual requirements.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-31, authorizing a MEGA tax credit for DaimlerChrysler Company, LLC, was adopted.

ACTION ITEM

*Cayman Chemical Company, Inc.
1180 East Ellsworth Road
Ann Arbor, Michigan 48108*

Jim Donaldson introduced Tamara French with Cayman Chemical Company, Inc. and Tim Robinson with Ann Arbor SPARK. Ms. French described the project for the board. Cayman Chemical Company was incorporated June 6, 1980 in Denver, Colorado. After several years of growth, the company moved to Ann Arbor, Michigan, and established its first complete synthetic chemistry laboratory. The company has experienced growth over the years, and today 2,481 different biochemicals are manufactured and analyzed at the company's 66,000 square foot facility. These products are sold worldwide to scientists in cutting edge and diverse areas of research including metabolic systems, cancer, nitric oxide, neuroscience, apoptosis, oxidative injury, and endocrinology.

The company is considering the construction of specialized research and manufacturing space for new areas of research including medicinal chemistry and regulated product production and packaging at its Pittsfield Township facility. The first phase of the project requires a building expansion and conversion of existing warehouse space into wet laboratory space. The second phase of the project will include construction of a 40,000 square foot laboratory and office building on their campus to house the research, production and packaging of new product lines. Capital investment for this project is expected to be approximately \$9.7 million.

Mr. Robinson discussed the local contribution for the board. Pittsfield Township approved a 50 percent abatement of the company's taxes on new real property for ten years and new personal property for eight years on March 27, 2007. The estimated value of the local property tax abatement is up to \$409,000.

Jim Donaldson provided additional information for the board. Cayman Chemical expects to hire up to 208 new employees over the next five years at an average weekly wage of \$1,101. It is estimated that this facility will create a total of 525 jobs in the state by the year 2016. It is also estimated that the project would create total state government revenues through the year 2016, of \$12.2 million due to the location of this facility.

The company has also considered expanding their wholly-owned subsidiary, Cayman Pharma, s.p.o.l., located in Neratovice, Czech Republic, where laboratory space is currently available and investment would be less than fifty percent of the investment required in Michigan.

The State of Michigan will also abate 100 percent of the State Education Tax (SET) mills for the length of the local property tax abatement. The value of the SET abatement is worth up to \$118,000 over the term of the local property tax abatement.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 10 years, for up to 208 net new employees.

Board Discussion

Scott Schrager gave the Executive Committee report. The Executive Committee recommends approval of the requested high-tech tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-32, authorizing a MEGA tax credit for Cayman Chemical Company, Inc., was adopted.

ACTION ITEM

*IAV Automotive Engineering, Inc.
4110 Varsity Drive
Ann Arbor, MI 48108*

Jim Donaldson introduced Dan Foster from Northville Township and Utz-Jens Beister and Cheryl Boland with IAV Automotive Engineering, Inc. (IAV). Mr. Beister described the project for the board. IAV was incorporated in 1998 to enter the NAFTA market as a 100% owned subsidiary to IAV GmbH out of Berlin, Germany, which was founded in 1983. Through global affiliates, IAV employs over 2,500 staff with 67 full time employees located at their Ann Arbor facility. IAV is one of the leading providers of engineering services to the automotive industry. Its core competencies include powertrain, electronics and vehicle development for all major automobile manufacturers and component suppliers. Much of IAV's engineering test work is currently being completed by GmbH engineering staff at facilities in Berlin. In 2006, nearly seventy five percent of its work was completed at their Berlin facility.

IAV will relocate its existing engineering operation to a new facility in Northville Township that will allow for the expansion of its current operations and new service lines. This will allow for four new lines utilizing leading edge dynamometers and testing equipment to bring back in-house the work that is currently being completed in Berlin by their parent company's engineering staff.

Mr. Foster discussed the local contribution for the board. Northville Township has proposed local property tax abatement under Public Act 198 of 1974 for 6 to 12 years for new real and personal property. This abatement has an estimated value of \$822,725 for 6 years.

Jim Donaldson provided additional information about the project for the board. IAV anticipates total capital investment of \$18.2 million and the creation of up to 107 new jobs, with an average weekly wage of \$1129. It is estimated that this facility will create a total of 198 jobs in the state by the year 2019. We also estimate that the project would increase total state government revenues through the year 2019, of \$6,857,000 due to the location of this facility.

IAV is also considering a site in Waterloo, Ontario, Canada due to its close relationship with the University of Waterloo and the lower wage and benefits comparison between Michigan and Ontario. The company is also having difficulty hiring qualified engineers at a competitive salary due to a shortage in that field in Michigan and the US. The company expects to receive a favorable 45 year lease from the University of Waterloo for locating in Ontario.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for twelve years, for up to 107 net new jobs.

Board Discussion

Scott Schrager gave the Executive Committee report. The Executive Committee recommends approval of the requested high-tech tax credit.

Keith Cooley asked if IAV would not only be testing but also doing research. Mr. Beister stated that they would be doing research.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-33, authorizing a MEGA tax credit for IAV Automotive Engineering, Inc., was adopted.

ACTION ITEM

*Microposite, Inc.
40000 Grand River Avenue, Suite 103
Novi, Michigan 48735-2121*

Jim Donaldson introduced Brian McBroom from the City of Auburn Hills and Paul Cloutier and Rod Coffey with Microposite, Inc. ("Microposite"). Mr. Cloutier described the project for the board. Microposite's predecessor entity, Moldite, Inc. was founded by two inventors in 1997. In 1998, the composite material upon which Microposite's products are based was discovered and later patented. In 2006, the company was recapitalized into Microposite, Inc. with assistance from two venture capital firms—Nth Power and DFJ Element.

Microposite develops and manufactures advanced composite materials. Several applications have been investigated for commercialization, with the company focusing on a next generation residential siding product with significant "green" advantages. In addition to manufacturing this new siding product, Microposite continues its research and development efforts focused on resins and core substances for other building product applications and in the oil exploration/transmission industry.

Microposite is proposing to relocate its current headquarters operation from Novi, Michigan and expand into an existing facility in Auburn Hills. This new facility will house all aspects of the company, including manufacturing. The anticipated capital investment for this project is approximately \$7 million.

Mr. McBroom discussed the local contribution for the board. The City of Auburn Hills has proposed a 50 percent abatement of the company's taxes on new personal for 3 years. The estimated value of the local property tax abatement is approximately \$129,000. The City of Auburn Hills is prepared to place this abatement on the April 16, 2007, City Council agenda for approval.

Jim Donaldson provided additional information about the project for the board. Over a five-year period, Microposite would add up to 62 new jobs with an average weekly wage of \$986. It is estimated that this facility will create a total of 101 jobs in the state by the year 2011. It is also estimated that the project would create total state government revenues through the year 2011, of \$1 million due to the location of this facility.

The company is considering relocating their operation to Auburn Hills, Michigan, or Meridian, Mississippi. When comparing the Michigan and Mississippi locations, the company estimates that wage rates and transportation costs in Mississippi are significantly lower. Lower wage and benefits costs in Mississippi could save the company up to \$750,000 per year. Because the raw materials will be shipped from the South, lower transportation costs for the Mississippi location could save the company up to \$300,000 per year.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for 5 years, for up to 62 net new employees.

Board Discussion

Scott Schrager gave the Executive Committee report. The Executive Committee recommends approval of the requested high-tech tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-34, authorizing a MEGA tax credit for Microposite, Inc., was adopted.

ACTION ITEM

*XY, LLC
43155 Main Street, Suite 2202
Novi, Michigan 48375*

Peter Anastor introduced Michael Jacobson and Bob Jacobson with XY, LLC along with Jessica Eisenman, Washtenaw County Department of Planning, and Jeff Irwin, Washtenaw County Board of Commissioners. Michael Jacobson discussed the project for the board. This project will redevelop the abandoned YMCA building in downtown Ann Arbor. The current YMCA building will be demolished and replaced with a 380,000 square foot, mixed-use development contained within a two-towered, multi-level building. The new building will include approximately 112,000 square feet of commercial office space, 5,000 square feet of retail space, 100 affordable housing units, and a 165 to 205 room hotel with accompanying restaurant, banquet facilities. The site will also include a new Ann Arbor Transit Authority (AATA) bus center, which will be integrated into the base of the building. The project is expected to create approximately 700 permanent, full-time jobs and will cost approximately \$95.8 million to construct.

The project is located within the boundaries of the City of Ann Arbor, a qualified local governmental unit, and the building is functionally obsolete as determined by a level IV assessor. The property is the subject of a brownfield plan approved by the City of Ann Arbor on June 19, 2006 and duly approved by the Washtenaw County Brownfield Redevelopment Authority on July 5, 2006.

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

The property to be redeveloped is blighted and functionally obsolete. The YMCA building has been unoccupied since October 2006. The existing buildings will be completely demolished and the property will be redeveloped with affordable housing, a high priority goal of the City of Ann Arbor.

About 700 permanent full-time jobs will be supported by the construction of approximately 117,000 square feet of hotel, commercial and retail space. The anticipated average hourly wage for these jobs will be \$12.00. Additionally, several hundred construction jobs will be created during the approximate two-year construction project.

The unadjusted unemployment rate for the City of Ann Arbor was 5.1% in January, 2007. This compares to the statewide seasonally adjusted average of 6.9% in January, 2007.

Total capital investment is estimated at \$95.8 million for this project.

The following is a listing of the contributions being made by the City of Ann Arbor and the Ann Arbor DDA for this project:

DDA Infrastructure Grant	\$ 500,000
Fee Waivers – Parking	\$ 100,000
Parking Improvements	\$ 7,000,000
DDA Waiver of Interest on Building Debt	\$ 500,000
PILOT for Affordable Housing	\$ 5,000,000
City Endowment for Affordable Housing	\$ 1,600,000
Federal Low-Income Housing Tax Credits	\$ 19,361,381

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 623,734
Lead and Asbestos Abatement	604,120
Site Preparation	+ 1,918,173
Sub-Total	\$ 3,146,027
Work Plan Preparation and Review	6,000
Contingency (15%)	+ 471,904
TOTAL	\$ 3,623,931

This project is located within the boundaries of both the Ann Arbor DDA and the Ann Arbor Smartzone. Therefore, there are approximately 13.97195 mills available for capture, with school millage equaling 11.9847 mills (85.8%) and local millage equaling 1.98725 mills (14.2%). The recommended tax capture breaks down as follows:

School tax capture (86%)	\$ 3,109,333
Local tax capture (14%)	\$ 514,598
TOTAL	\$ 3,623,931

COST OF SBT ELIGIBLE INVESTMENTS:

Site Improvements	\$ 3,000,000
New Building Construction	\$ 74,500,676
New Machinery, Equipment and Fixtures	\$ 7,000,000
TOTAL	\$ 84,500,676

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$3,623,931 described above. Utilizing the current state to local capture ratios, the amount of school tax capture for this project is estimated at \$3,109,333.

The Brownfield Redevelopment staff also recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment, not to exceed an \$8,450,068 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the brownfield SBT redevelopment tax credit, along with approval of the requested tax capture.

Jim Epolito asked the timeline of the project. Mr. Jacobson stated that they anticipate breaking ground mid to late fall and plan to complete the project within two years. Keith Cooley asked if there was led if there was money set aside. Mr. Jacobson stated that the cost was included in the studies and they are satisfied with the results.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-35, authorizing a brownfield redevelopment tax credit for XY, LLC for the William Street Station redevelopment project, was adopted.

A motion was made and supported, and Resolution 2007-36, authorizing the capture of local and school operating taxes for Washtenaw County Brownfield Redevelopment Authority for the XY, LLC/William Street Station redevelopment project was adopted.

ACTION ITEM

*Washtenaw County Brownfield Redevelopment Authority
Ann Arbor, Michigan*

Peter Anastor introduced John Zann with PMA Consultants and John Byle with Warner Nacross, along with Jessica Eisenman, Washtenaw County Department of Planning, and Jeff Irwin, Washtenaw County Board of Commissioners. Mr. Zann described the project for the board. This project will include the redeveloped of an approximately 0.1 acre site in downtown Ann Arbor. The current vacant building on site will be demolished and replaced with an approximately 26,090 square foot, mixed use development including 3,970 square feet of retail on the first two floors, 15,240 square feet of office space, 5 residential condominium units comprised of 6,880 square feet and approximately 1,130 square feet of parking. Total capital investment for the project is expected to be \$9.65 million.

The project is located within the boundaries of the City of Ann Arbor, a qualified local governmental unit, and has been deemed a facility, as verified with the Department of Environmental Quality. The property is the subject of a brownfield plan approved by the City of Ann Arbor on March 5, 2007, and duly approved by the Washtenaw County Board of Commissioners on March 7, 2007.

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

This project will reuse a contaminated site at 200 S. Ashley Street on which will be constructed a platinum LEED certified building. The building will contain energy systems that are optimized to reduce demand by greater than 50% from Michigan code requirements. Renewable energy will be incorporated via building-integrated turbines. A green roof and green wall on the eastern façade serve to capture all rain water and transport to the basement for storage. Through a reuse system for toilet flush water, no storm water will ever leave the site and potable demand

will reduce in excess of 40%. The project will also help to maintain PMA Consultants, LLC and their 30 employees in the City of Ann Arbor.

The project is expected to create at least 8 new jobs and retain 30 jobs in the City of Ann Arbor. The unadjusted unemployment rate for the City of Ann Arbor was 5.1% in January, 2007. This compares to the statewide seasonally adjusted average of 6.9% in January, 2007.

The property is contaminated with PNAs and chromium above generic residential cleanup criteria which will be remediated during site preparation prior to construction of the new building. Environmental clean-up costs are approximately \$80,000 for this site.

The developers will be making an investment of \$9.65 million for this project.

The City of Ann Arbor will fund both the environmental remediation costs, estimated at \$85,000, and approximately \$66,000 of public infrastructure costs with local brownfield tax capture. In addition, the Ann Arbor Downtown Development Authority (DDA) has committed to a \$281,950 grant for infrastructure development related to this project. In addition the Smartzone may provide funding up to \$25,000 to support the project. Also, the DDA has waived an \$18,000 fee for meter bags needed during construction. Finally, the qualified taxpayer is also seeking approval of a Brownfield Single Business Tax Credit not to exceed \$720,000.

This project is located within the boundaries of both the Ann Arbor Downtown Development Authority and the Ann Arbor Smartzone. Therefore, there are 13.97195 mills available for capture, with school millage equaling 11.9847 mills (85.8%) and local millage equaling 1.98725 mills (14.2%). The condominium portion of the project is expected to be all homestead properties and include school millage equaling 3 mills (60.2%) local millage equaling 1.98725 mills (39.8%). The recommended tax capture breaks down as follows:

<u>COMMERCIAL/RETAIL</u>	
School tax capture (86%)	\$ 400,998
Local tax capture (14%)	\$ 66,497
TOTAL	\$ 467,495

<u>RESIDENTIAL</u>	
School tax capture (60%)	\$ 58,418
Local tax capture (40%)	\$ 38,687

<u>OVERALL</u>	
School tax capture (81%)	\$ 459,416
Local tax capture (19%)	\$ 105,184
TOTAL	\$ 564,600

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 57,100
Site Preparation	+ 504,000
Sub-Total	\$ 561,100
MEGA Work Plan Prep. And Review	+ 3,500
TOTAL	\$ 564,600

Recommendation

The brownfield redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$564,600 described above. Utilizing the current state to local capture ratios, the amount of school tax capture for this project is estimated at \$459,416.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested local and state tax capture.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-37, authorizing the capture of local and school operating taxes for Washtenaw County Brownfield Redevelopment Authority for the Tierra Equities, LLC redevelopment project was adopted.

ACTION ITEM

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

Peter Anastor introduced Kris Elliott with Infinity Companies, Jim Linton with AKT Peerless, and Dan Oegema with the City of Grand Rapids. Mr. Linton described the project for the board. Infinity Companies, LLC is proposing a renovation of an existing building located at 333 -351 Commerce Ave SW in Grand Rapids. The site formerly housed the Loose Leaf Bindery company. Other former uses of the property included a hardware store, machine and tool manufacturer and an electric company.

The proposed redevelopment will include the renovation of the existing building and the addition of a new building that will be attached to the existing structure. The buildings will house up to 39 residential apartments and contain a small commercial element along with an outdoor plaza area that will be located in front of the building. The apartments will consist of 24 one bedroom lofts, eight two bedroom lofts and seven three bedroom lofts for a total of 28,729 square feet of residential space. The commercial space will consist of 2,705 square feet that will house a commercial office and a coffee shop to serve the immediate neighborhood. It is estimated that the redevelopment will create approximately 10 jobs. Total capital investment will exceed \$3.3 million in improvements to land and buildings.

The project is located within the boundaries of the City of Grand Rapids, a qualified local governmental unit, and has been deemed a facility as verified by the Department of Environmental Quality. The property is the subject of a Brownfield Plan duly approved by the City of Grand Rapids on March 27, 2007.

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

Approximately 10 jobs will be created in a coffee shop and in the catering and leasing office located at the property. The unemployment rate (unadjusted) for the City of Grand Rapids was 8.5% in February 2007. This compares to the statewide seasonally adjusted average of 6.6% in February 2007.

A BEA has identified a number of contaminants in the soil that exceed residential cleanup levels. The soil will need to be disposed of at a licensed facility as it is excavated and any

remaining contamination will be covered with paving or landscaping to protect residents and others from exposure.

Investment is estimated at approximately \$3.3 million in improvements to land and buildings.

The developer is seeking approval of a Brownfield Single Business Tax Credit in the amount of \$281,923. The developer is also seeking approval of a DEQ TIF in the amount of \$84,525.

COST OF MEGA ELIGIBLE ACTIVITIES:

Site Preparation	
- Clearing & Grubbing and Grading	\$ 11,750
- Engineering controls (Caissons)	55,000
Infrastructure Improvements	6,900
Demolition	72,000
Asbestos Abatement	+ 23,000
Sub-Total	\$ 168,650
Work Plan Preparation and Review	3,500
Contingency (15%)	+ 25,298
TOTAL	\$ 197,448

There are 44.6889 mills available for capture, with school millage equaling 23.8258 mills (53%) and local millage equaling 20.8631 mills (47%). The recommended tax capture breaks down as follows:

School tax capture (53%)	\$ 104,647
Local tax capture (47%)	\$ 92,801
TOTAL	\$ 197,448

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$197,448 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$104,647.

Board Discussion

Bo Garcia gave the Executive Committee report. The Executive Committee recommends approval of the requested local and state tax capture.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-38, authorizing the capture of local and school operating taxes for Washtenaw County Brownfield Redevelopment Authority for the Infinity Companies, LLC redevelopment project was adopted.

ACTION ITEM

*Dow Corning Compound Semiconductor Solutions, LLC
Second Anniversary Date Extension*

Tiffany Bloom discussed the company's request for an amendment to its anniversary date. In October of 2003, the MEGA approved a tax credit for Dow Corning Compound Semiconductor Solutions, LLC (CSS) to construct and equip a building to develop and produce compound semiconductor substrata in Williams Township, Bay County. In its MEGA Agreement, CSS

committed to maintaining its base employment level of 2,573, which included employees of Dow Corning, and to creating at least 5 new jobs by September 30, 2005.

In February of 2006, CSS requested a two-year extension of its September 30, 2005 Anniversary Date. However, in keeping with past practice, staff recommended a one-year anniversary date extension, and the MEGA adopted resolution 2006-06 at its February 2006 meeting authorizing a one-year extension of the company's anniversary date to September 30, 2006.

CSS is now requesting a one-year anniversary date extension to September 30, 2007. It currently employs 38 people at the Project at an Average Weekly Wage in excess of \$1,500. CSS has also invested approximately \$19 million in manufacturing assets at the Project and anticipates additional capital investment of \$3 million in 2007.

Due to the overall downturn in the economy in 2002, Dow Corning reduced its global employment levels with approximately 160 of the job reductions taking place in Michigan. The Base Employment level continues to reflect those reductions in addition to on-going retirements at Dow Corning.

Dow Corning has added significant jobs during 2006 and is optimistic that the Base Employment levels will be met in the near future. Based on Dow Corning's current hiring trend, the Company expects to meet the criteria required for Eligibility by September 30, 2007, and is requesting an additional one-year extension of its Anniversary Date.

Recommendation

Staff recommends that the MEGA extend Dow Corning Compound Semiconductor Solutions, LLC's anniversary date by one year, to September 30, 2007. The original schedule of the tax years in which the company is eligible for the credit will remain the same. Should CSS be in a position to take the credit with its tax year ending December 31, 2007, it will have lost two years of its ten year credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The committee recommended support of the requested anniversary date extension.

Hearing no further discussion, a motion was made and supported and Resolution 2007-39, authorizing an extension of Dow Corning Compound Semiconductor Solutions, LLC's anniversary date by one year to September 30, 2007, was adopted.

ACTION ITEM

*Michigan Rubber Products, Inc.
Anniversary Date Extension*

Tiffany Bloom discussed the company's request for an amendment to its anniversary date. In October of 2005, the MEGA approved a tax credit for Michigan Rubber Products, Inc. (MRP) to expand its operations by adding two new product lines to its Cadillac manufacturing facility. In its MEGA Agreement, MRP committed to creating at least five new jobs while maintaining its base employment level of 418 by December 31, 2006.

The Company was unable to create the minimum 5 Qualified New Jobs on schedule. It does have employees making the new products at the Cadillac project, and they are being paid at or above the average weekly wage stipulated in the Agreement. MRP has also brought equipment and tooling valued at \$1.2 million to the project. However, due to the declining sales of the Company's major customers, the big three automobile manufacturers, the base employment level has fallen by fifty to sixty positions.

MRP is requesting a one year extension of its Anniversary Date as it continues to work on growing its sales both in automotive and non-automotive markets and rebuild the jobs base.

Recommendation

Staff recommends that the MEGA extend Michigan Rubber Products, Inc.'s Anniversary Date by twelve months to December 31, 2007. Staff also recommends that the original schedule of the tax years in which the company is eligible for the credit remains the same.

Board Discussion

Bo Garcia gave the Executive Committee report. The committee recommended support of the requested anniversary date extension.

Hearing no further discussion, a motion was made and supported and Resolution 2007-40, authorizing an extension of Michigan Rubber Product, Inc.'s anniversary date by twelve months to December 31, 2007, was adopted.

The meeting was adjourned at 11:25 a.m.

The next board meeting is scheduled to take place on May 15, 2007.

