ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 201 N. Washington Square, 4th Floor Conference Room on May 15, 2001 at 10:00 a.m.

Members Present

Beth Chappell (by phone)
Craig DeNooyer
Sarah Deson-Fried
Doug Rothwell
Jackie Shinn (acting for and on behalf of Gregory Rosine, authorization attached)
Stephanie VanCoevering (acting for and on behalf of Doug Roberts, authorization attached)
Tim Ward

Members Absent

Duane Berger

Others Present

Karen Ammarman, MEGA, MEDC
Paul Aragona, Riverbend Development, LLC
Rob Bacigalupi, Traverse City DDA
Carolyn Bennett, City of East Lansing
Tino Breithaup, MEDC
John Czarnecki, Vice President, Business Services MEDC
Linda Dankoff, MEGA, MEDC
John Demico, Riverbend Development, LLC
Jean Derenzy, Grand Traverse County
Jim Donaldson, MEDC
Stephanie Gingerich, City of East Lansing
Eric Helzer, The Traverse Group
Jennifer Kopp, Communications, MEDC
Amy Lane, Crain's Detroit Business
Hugo Leonardi, Mold Masters
Hugo Leonardi, Jr., Mold Masters
Mac McClelland, Grand Traverse County
Mark Morante, MEDC
Jim Paquet, Secretary to the MEGA Board
Mike Pohnl, MEDC
Steve Reznowski, The Christman Company
Ellen Ross, MEDC
Tom Schimpf, Attorney General
Jay Schwedler, Lapeer Development Corporation
Neil Silvac, Shobl Cunningham for Riverbend LLC
Jerry Snowden, Snowden Development
Vern Taylor, Brownfield Development, MEDC

Duane Thelen, Brownfield Development, MEDC
James Tischler, City of Monroe/Monroe BRA
Grant Trigger, Honigman, Miller, Schwartz and Cohn

Call to Order

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

Approval of Minutes from April 25, 2001

It was moved, supported and carried that the minutes from the April 25, 2001 meeting be adopted.

Public Comment

There was no public comment.

Action Item:

Mold Masters Company
301 East First Street
Imlay City, Michigan 48444

Jim Donaldson introduced Hugo Leonardi, Jr. of Mold Masters Company who briefly described the company. Mold Masters is the only North American auto supplier which both molds and flocks parts for automotive interiors. The company has experienced 200 percent growth over the last 18 months.

Jim Donaldson continued the MEDC presentation to the Board.

Mold Masters needs to add capacity to its operations in order to handle additional opportunities available to the company. It is considering the purchase of a 236,000 square foot building in Lapeer, Michigan to expand and consolidate its operations. Capital investment will total $6.3 million, comprised of $4.4 million for the purchase and renovation of the building and $1.9 million for new machinery and equipment. The company will hire up to 300 new workers at an average wage of $485 per week plus a benefit package approximating 25 percent of wages.

Based on the economic analysis done by the University of Michigan, it is estimated the facility will generate a total of 435 jobs in the state by the year 2011. Net state government revenues would be increased by $10,726,000 through the year 2011, due to the presence of this facility.

The company has been offered incentives to locate in Mayfield, Kentucky including state income tax credits for job creation, property tax abatements and relocation assistance. In addition, the company could pay lower wages in Kentucky and pay significantly lower electrical rates. Over the ten year period of the MEGA the total operational cost gap between Kentucky and Michigan would total approximately $12.2 million.

While the company would like to remain in Michigan in order to maintain its existing workforce and minimize the disruption caused by a move to Kentucky, without the financial benefits of a MEGA tax credit, the company will relocate to Kentucky.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of $500 for each of the 300 new employees, worth $150,000. In addition, the state will provide a 100% abatement of the 6-mill State Education Tax worth $41,400. The Michigan Strategic Fund is also prepared to work with the company to issue tax exempt industrial revenue bonds for eligible capital costs.

The City of Lapeer has proposed 50 percent property tax abatement for the project, including a twelve year abatement on real property improvements and a 6 year abatement on new personal property. The estimated value of the local abatement is $127,100.

Recommendation:

The Michigan Economic Development Corporation recommends a MEGA employment credit of 50 percent for up to 300 net new jobs and a business activity credit of 100 percent, both for ten years. The credits are contingent on approval of the local tax abatement by the City of Lapeer.

Board Discussion:

Tim Ward presented the report of the Executive Committee. The focus of the Executive Committee was on the strong incentive package offered by Kentucky, which has the ability to provide tax credits for both the expansion and the jobs moved from Michigan. The MEGA credits are needed to offset the financial advantage provided by Kentucky.

Chairman Rothwell asked if there were any further questions from the Board. There being none, it was moved and supported and Resolution 2001-022 awarding a MEGA Tax Credit to Mold Masters Company was adopted.

Action Item:

The POM Group, Inc.
44696 Helm Street
Plymouth, Michigan 48170

Tino Breithaup introduced Dwight Morgan, President of The POM Group, Inc., who gave a brief overview of the company to the Board.

Mr. Morgan related that the company grew out of technology invented at the University of Michigan, which POM patented and commercialized. The company manufactures metal prototypes using industrial lasers, powdered metallurgy and CAD technology. It has 14 employees in Michigan. The company's customers are in the automotive and aerospace industry. POM is considering an alternate site in Toledo, Ohio.

Mr. Breithaup continued the presentation with a description of the project. POM Group will open an advanced product development center in Auburn Hills. The center will allow POM to develop advanced manufacturing solutions using its patented process. The company would invest over $17.1 million in the project, including $6.7 million in capitalized lease and building improvement costs and $10.4 million in machinery and equipment. The project will add an additional 75 new jobs over a three-year period at an average weekly wage of $1,017. Research and development expenditures are expected to total 40 percent of the company's total operating expenses as a result of the expansion.

Based on the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated the facility will generate a total of 220 jobs in the state by the year 2006. Net state government revenues would be increased by $4.7 million through the year 2006 due to the project.

Based on information provided by the company, a cost gap averaging over $300,000 per year exists between Auburn Hills and Toledo. The cost gap is largely due to tax incentives being offered in Ohio and lower wage and lease costs in Toledo.

The POM Group is considering Michigan because the company was started here and it has been able to develop, patent and commercialize the Direct Metal Deposition process at its current Plymouth location. The company also has good relations with the University of Michigan, where this process was developed. The company would like to remain in Michigan, but it needs the high-technology MEGA credit to help offset the incentive package being offered by Ohio.

The State of Michigan will provide an Economic Development Job Training grant of up to $1,000 for each of the 75 new workers, a total of $75,000. In addition, the State of Michigan will offer an abatement of 100 percent of the 6-mill State Education Tax valued at $164,343.

Board Discussion:

Tim Ward presented the report of the Executive Committee. It was the opinion of the Executive Committee that the company could easily move to Toledo and that the

MEGA credit was needed to retain the company, which would also help to diversify the economy within the State.

Craig DeNooyer asked if the Company still had connections with the University of Michigan. Mr. Morgan replied that it was associated via a roundtable which gave it access to the university.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved, and supported and Resolution 2001-023 awarding a MEGA Tax credit to The POM Group, Inc. was adopted.

Action Item:

City Center Partners, LLC.
408 Kalamazoo Plaza
Lansing, Michigan

Vern Taylor introduced Steve Roznowski, of the Christman Company. He described the project as a multi-use development with retail on the ground level and high-tech office space on the upper two floors. At the urging of the City of East Lansing, the development would also include condominium units. This would add residential diversity to the downtown area.

Craig DeNooyer asked for a description of the condominium units. Mr. Roznowski explained that the condos would be 1-3 bedroom units which would sell for $160,000 - $250,000. The City has received strong preliminary interest in the 39 units.

Vern Taylor continued the presentation. The project will renovate the abandoned and functionally obsolete second and third floors of the Jacobson's building in downtown East Lansing, demolish buildings to the west, and construct high-end condominiums. The mixed-use development is intended to increase use of the downtown. The first floor of the Jacobson's building will be utilized for retail development. Barnes and Noble has signed a lease. The upper floors are currently being torn apart. Demolition of the site for condominiums is currently taking place. The developer hopes to lease the upper floors of the Jacobson's building to high-tech office users in conjunction with the SmartZone designation. Approximately 600 jobs (400 office and 200 retail) will be created

Based on a comparison of construction costs between greenfield and brownfield sites and an office space feasibility study, the project is estimated to be $1,142,094 short of break-even. The developers are adamant that they will halt renovation of the 2nd and 3rd floors of Jacobson's and change the condominium development to student-apartments if the SBT credit is not approved.

This project is part of an aggressive re-development effort in downtown East Lansing. By introducing national retail and higher end condominium opportunities, the city hopes to diversify its downtown image from being student-dominated to a mix of adults and students. The introduction of permanent, owner occupied, high-end housing would be a major change in the downtown. It could trigger further retail and mixed uses. Other developers are watching to see if this development succeeds.

Total project cost is $14,455,000. The developer is seeking a SBT credit not to exceed $1,445,500 or 10% of eligible investment.

The East Lansing Downtown Development Authority (DDA) has purchased properties and sub-leased them to the Christman developers. The DDA floated bonds to pay for a new parking ramp that is crucial to East Lansing's downtown development and will pay back the bonds through TIF capture.

The two buildings to the immediate west of Jacobson's (where the condominium units are proposed) were declared "functionally obsolete and physically depreciated". The Jacobson's building is "functionally obsolete" because of its single tenant use design.

Recommendation:

The Michigan Economic Development Corporation recommends approval of a SBT credit not to exceed $1,445,500 or 10% of the eligible project costs to fund mixed-use, high end housing, high tech office, and retail development for City Center Partners, LLC (Christman Construction) in downtown East Lansing.

Board Discussion:

Tim Ward presented the report of the Executive Committee.

Doug Rothwell explained that the project is already underway. The issue is the quality level of the project. As described by the company, the quality of the project is dependent on securing incentives. The MEGA wants to insure that owner occupied housing rather than student rentals are built.

Craig DeNooyer questioned whether the developer would continue the project if they were not granted the credit. The company representative indicated that they would not develop the office space. Doug Rothwell clarified that the developer would only complete the retail space without the credit.

Mr. Roznowski replied that there would be no development beyond retail usage without a credit. He explained they can not do the condos without the credit. While they could do apartments, the city's site plan approval was based on the development of high-end condominiums. The city would have to approve a change to allow rental housing. If the credit is not approved, the result will be development of only the street level retail portion of the project.

Doug Rothwell explained that the project was presented differently at the Executive Committee meeting.

Tom Schimpf injected that the statute requires proof of completion. If the Board approves the project based on the upper floors being developed as high-tech offices and high-end condominiums, staff will have to be satisfied that the project was completed as proposed before the credit could be taken.

Sarah Deson-Fried questioned whether the city of East Lansing was concerned about the affordability of the housing. A company representative explained that the City was concerned with ability of the project to help transform the downtown area rather than affordability of the housing.

Doug Rothwell requested the company to restate the condo cost. A company representative responded $180,000 would be the average cost of a unit.

Doug Rothwell asked for clarification of the $14 million. Staff responded that the amount of the investment that qualified for a credit was $1.44 million, or ten percent of the project cost.

Craig DeNooyer asked about the cost to the developer of the project. Mr. Roznowski explained the average, over residential and retail, is approximately $90/square foot.

Craig DeNooyer commented that the cost seemed to be too high to make money in East Lansing. He questioned the market for high-tech offices in East Lansing.

Craig DeNooyer expressed the need to tie the credit to specific performance, that the project should be completed at a certain quality level to obtain a credit. He also questioned whether it was good policy to provide tax credits for projects that would otherwise not be competitive, projects that could not meet a market test.

Doug Rothwell explained the focus of the Executive Committee's discussion was on the quality of the development. It is the purpose of this project to provide a level of quality of office space and owner occupied housing that is not now present in the downtown area. While a project could be completed without a credit, it could not be completed at that level of quality. One of the roles the MEGA can play is in making urban development more competitive with development in suburban areas.

Beth Chappell suggested that the credit for the project would meet the test of catalyzing development and changing the character of development in the downtown.

Craig DeNooyer indicated he needed more information on the costs of the project and the market for space of the proposed type to make a responsible vote. The numbers that have been discussed, in his opinion, do not adequately make the case that the credit is justified.

Doug Rothwell questioned whether staff was aware of both the residential and office aspects of the project. John Czarnecki answered affirmatively.

Doug Rothwell asked what the impact would be of tabling the project for thirty days.

Steve Roznowski indicated it would create definite problems for them because of the timelines on the leases. He expressed the need to know the status of the credit so that construction could go forward, one way or another.

John Czarnecki indicted that the Board must take some action. Because of the deadline for processing Brownfield applications, the credit would be deemed approved if not acted on by the Board. Alternatively, the applicant could withdraw the application.

Sarah Deson-Fried questioned whether a competitive market analysis had been completed.

Carolyn Bennett, City of East Lansing, explained the developer had done this and deferred to them.

A company representative explained the $16 to $16.50 per square foot rental rate was based on market values. Higher rates are not available because there is a limited market right now.

Carolyn Bennett explained that the City of East Lansing is interested in revitalizing the downtown and views owner occupancy of residential property as one of the keys.

Doug Rothwell called for a vote on the project. He indicated that the discussion had been more about policy and process than the merits of the project. A motion was made that the credit be approved as recommended by staff with the caveat that the credit is dependent on the development of 1) owner-occupied housing, and 2) office space suitable to accommodate high tech companies, in addition to the street level retail.

Chairman Rothwell asked if there were any further questions from the Board. There being none, it was moved and supported that Resolution 2001-024 awarding a MEGA Brownfield Tax Credit to City Center Partners, LLC be adopted. The motion passed with Craig DeNooyer abstaining from the vote.

Action Item:

Ashley Livonia, A&P, LLC	*Borman's Inc. d/b/a, Farmer Jack*
36663 Van Born Road	*18718 Borman's Avenue*
Romulus, Michigan	*Detroit, Michigan*

Tom Litzler, the company's Vice President for Development, spoke regarding the project which had been tabled at the April meeting. He stated that:

- Farmer Jack has been looking for a site in Detroit for the past three years. The City had acknowledged the company's efforts and did not object to its move to Livonia.
- The company is committed to Detroit where it has 3800 employees and where it will continue to grow even with the relocation of its warehouse to Livonia.
- The company is the only grocery chain that services the city, with 7 stores in Detroit, Highland Park, and Hamtramck.
- The company does not own, but leases the current site in Detroit and should not be held responsible for its current condition or future condition.
- It is not clear to us what criteria is being applied in determining our eligibility for, or the amount of, our credit.
- We believe our commitment to the state and to the City of Detroit merits fairer consideration than we have received to date.

Grant Trigger, the company's legal counsel, continued discussion of the project on behalf of Farmer Jack. He presented for the record, a letter addressed to Mr. Rothwell, taking exception to the staff's recommendation. He indicated that there were several details within the briefing memo that were not accurate or incomplete.

- The site size is wrong.
- The project was approved by the Wayne County Brownfield Redevelopment Authority.
- The project will create 325 jobs, not 275
- They are not closing a brownfield site, but vacating a tenancy.
- Livonia is a core community as designated by the Michigan Legislature. Not having high unemployment rates should not disqualify it from consideration for a credit.
- The memo says that the project may contribute to a brownfield in Detroit. What about the project will do that? We are not creating a brownfield, we are leaving a facility that is too small for our needs.
- The company will be moving less than 5 miles; there will be no loss of employment – all employees are being transferred.
- The cost of remediation and its relationship to the project cost are not issues identified in the statute, the purpose of which is to encourage parties to take on the additional costs of redevelopment.

Doug Rothwell related that there had been prior meetings with the company where MEDC had indicated that it would not recommend a credit in excess of $1 million (the threshold for consideration by the MEGA) for the project. The company was encouraged to apply to Treasury for a credit of less than a million dollars. He added that the MEGA Brownfield Credit is not an entitlement. The Board has discretion to grant a credit of less than ten percent, or to deny a credit. The company is leaving behind an obsolete facility in Detroit and, by definition, that property would itself be eligible for a brownfield credit. The company has apparently decided it did not want to apply to Treasury and we did not want to negotiate any further before bringing the matter to the Board.

John Czarnecki continued his presentation to the Board.

The project site is a 35-acre portion of property formerly owned by Peregrine/General Motors. The project involves the construction of a new Farmer Jack/A&P warehouse. Approximately 2/3 of the facility will warehouse perishable items and the remaining 1/3 will be for frozen items. The layout will allow for a potential future expansion. The total project cost is $43 million. Borman's estimates approximately 275 employees will be stationed at this location with an additional 55 employees by 2005.

The benefits to the public include construction jobs associated with a $37 million investment in site improvements and construction. The company projects 25 to 80 new jobs by 2005 plus 1000 to 1,200 new jobs state wide based on projected new store openings.

This project will leave the current Farmer Jack distribution center, a 22 acre site in Detroit, with four buildings totaling 303,532 square feet, without a tenant. The property was listed for sale late last calendar year.

The company indicates that "with the exception of certain utility modifications (traffic signalization) and other limited assistance" the project is privately funded.

- The subject property is a "facility" based on an environmental assessment that identified contamination at levels that exceed Residential Criteria under Part 201 of the Natural Resources Environmental Protection Act.
- The project site is the subject of a duly approved brownfield plan.
- Ashley Livonia, A&P, LLC and Borman's Inc. are qualified taxpayers.

Recommendation:

The staff recommends the credit be denied based on the following:

- Overall benefit to the public is not significant in relation to the credit requested.
- The level and extent of contamination alleviated by the project is minimal.
- The project will leave a vacant site behind with a potentially negative impact on the City of Detroit.

Board Discussion:

Beth Chappell expressed that it was difficult, within the short time frame of the Board meeting to evaluate, point by point, the criticisms raised by the company. Sarah Deson-Fried agreed.

Chairman Rothwell asked if there were any further questions from the Board. There being none, it was moved, and supported that Resolution 2001-025 denying a MEGA Brownfield Tax Credit to Ashley Livonia A&P, LLC and Borman's Inc. be adopted.

Beth Chappell and Sarah Deson-Fried abstained from voting.

Tom Schimpf, Attorney General, explained that the denial does not prevent the reapplication to the MEDC, or to the Department of Treasury, for a credit on the project.

Action Item:

One Way Products Inc.
City of Kalamazoo

John Czarnecki and Vern Taylor presented the project to the Board.

One Way Products, Inc., a manufacturer of water based cleaning compounds, intends to expand its capacity by constructing a new production facility on the Willard/Walbridge Block within the City of Kalamazoo. The proposed project will increase both employment and tax base, result in the environmental cleanup of the site (a former junkyard), and improve the appearance of a once blighted area.

The project involves construction of a 20,000 sq. ft. building at a cost of $800,000 and is expected to result in the creation of 12 new jobs and retention of 20 jobs.

The site was acquired by the Kalamazoo Brownfield Redevelopment Authority and recently sold to the owners of One Way Products, Inc. Public infrastructure improvements costing $25,110 are necessary to make the project viable. As part of the purchase agreement, the City obligated itself to provide the infrastructure improvements.

The total cost of the infrastructure improvements requested in the work plan is $25,110 with total eligible costs under the program of $12,265. Of this $12,265, the school tax capture is expected to total $4783. Both school and local taxes utilized to fund infrastructure improvements are expected to begin capture in 2001 and end in 2008.

The City is also seeking MDEQ approval for brownfield tax increment financing of $44,631 for environmental cleanup costs. The company has made application to the Department of Treasury for an $80,000 brownfield SBT credit. One Way also intends to make application to the City for property tax abatement.

Environmental assessments have determined the site to be a facility, as defined in Part 201 of the Environmental Protection Act. The City of Kalamazoo is a qualified local governmental unit. The project is included in a duly approved City of Kalamazoo Brownfield Redevelopment Brownfield Plan. The project will not involve relocation from another area in the state and will not result in the creation of another brownfield.

Recommendation:

The Michigan Economic Development Corporation recommends a MEGA Work Plan approval for all activities except curb cuts and driveway aprons. The total amount of recommended activities is $12,265 (including $4,783 of school property tax capture), with a 15% contingency.

Board Discussion:

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved and supported, and Resolution 2001-021 approving school operating tax capture for the One Way Products, Inc. project was adopted.

Action Item:

Riverbend Commons, LLC
City of Monroe

John Czarnecki and Vern Taylor presented the project to the Board.

John Czarnecki introduced Jim Tischler of the City of Monroe who introduced John Demico of Riverbend Development.

Mr. Demico explained that in the past he had been developing greenfield properties in Frenchtown Township. Mr. Tischler encouraged him to look at redeveloping a marginal retail area. Because of past usage, any redevelopment will require dealing with fill that is not suitable to support buildings.

John Czarnecki continued the presentation.The project site has mixed use. There is an ice factory, a trucking company, a karate school and residential properties. The remaining property consists of parking areas, land that has been graded, and some wooded areas. The structures were built between 1861 and 1929 and are blighted and unattractive. The property has been used as a dumpsite.

The project involves the construction of a 97,000 sq. ft. neighborhood shopping mall that will include a 54,000 sq. ft. Farmer Jack grocery store. The developer's cost to construct the mall is $8.4 million. Farmer Jack anticipates bringing in $3.8 million in personal property. Both companies are seeking approval of a $1 million Brownfield Redevelopment SBT Credit from the State Treasurer for their investment. The project is expected to create new jobs in the City of Monroe and to increase tax revenues

Based on the analytical results of the soil samples collected from the subject property, the property is a "facility" according to Part 201 of NREPA, Act 451 of 1994, as amended. The property is the subject of an approved brownfield plan. The City of Monroe is a qualified local governmental unit. The project will reduce and then encapsulate the remaining contamination at the site. It will also substantially reduce the existing blighted conditions.

The Monroe Brownfield Redevelopment Authority is seeking an additional incentive for the project through MEGA approval for school tax capture to finance the following "site preparation" activities:

- Surface fill stripping - $69,800
- Site balancing - $60,000
- Aggregate base and tensar fabric - $125,800
- Structural Caissons - $155,000
- Geotechnical engineer oversight and testing - $27,000
- Special grade beams/footings - $31,620
- 8-inch supported floor slabs with top and bottom rebar - $98,830
- Floor beams - $2,060

Vern Taylor noted that the approval is being recommended for that portion of the site preparation costs that are in excess of what would be required at a greenfield site.

Recommendation:

Staff recommends approval of the work plan as presented, plus a contingency of up to 15% of the approved costs.

Board Discussion:

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved and supported, and Resolution 2001-027 approving school operating tax capture for the Riverbend Commons, LLC project was adopted.

Action Item:

Park Street Redevelopment
Grand Traverse County Brownfield Redevelopment Authority
City of Traverse City

John Czarnecki and Vern Taylor presented the project to the Board.

The project is a public/private joint venture redevelopment in downtown Traverse City. The project is being undertaken by the City of Traverse City and a private developer, Radio Centre of Traverse City, Inc. The project involves a commercial development and a four level parking deck. The new office and retail space is expected to house an estimated 200 workers. The four level parking deck will be located behind the commercial buildings at Park and East Front streets, and will provide an additional 530 parking spaces. The total cost of the redevelopment project is $24,000,000.

The project will provide the City of Traverse City with new office and retail structures that make good use of a former gas station site as well as much needed parking for the redeveloped area. Other benefits to the public will include an estimated 50 construction jobs associated with the $11,000,000 investment in demolition, site improvements, and construction. The current taxable value for the project site is $471,792. The full build-out is anticipated to have a taxable value of nearly $13 million.

The city has committed its Downtown Development Authority (DDA) tax increment revenues towards the project. In addition, tax increment revenues will be collected for Michigan Department of Environmental Quality eligible activities.

The project site is a facility and is the subject of an approved brownfield plan. The total cost of the MEGA eligible activities included in the work plan is $3,014,059. Estimated state school tax capture will be $2,589,077. The Brownfield TIF is expected to begin capture in 2001 and end in 2024.

Recommendation:

Staff recommends approval of tax capture for the following expenses:

Demolition- $132,370
Site Preparation- $196,000
Infrastructure- $2,441,510
Agency Work Plan/Administrative Costs- $23,000
Anticipated State review Costs - $31,597
Contingency without Parking Deck (14.66%) - $189,582

Board Discussion:

Tim Ward announced that in the past he had been a lobbyist agent for the consultants involved in development of the two Traverse City projects and would abstain from voting on both.

Representative Jason Allen of Traverse City thanked the Board for its consideration of the project and indicated that there was a broad base of local support for the redevelopment.

Sara Deson-Fried commended the local governments for their support of the project.

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved and supported, and Resolution 2001-028 approving school operating tax capture for the Park Street Redevelopment was adopted with Tim Ward abstaining from the vote.

Action Item:

River's Edge Development
Grand Traverse County Brownfield Redevelopment Authority
City of Traverse City

The project is a mixed-use development comprised of a four-story commercial and residential building, riverside condominiums, "home office" units, and an office building along the Boardman River in the City of Traverse City. The project will provide office, retail, and residential structures that make better use of a vacant riverfront, providing 140 permanent full-time jobs. In addition, the development will involve new streetscapes, sidewalks, and a public walkway along the riverfront. The total cost of the development is $60,000,000.

The site was home to mostly industrial facilities, now gone, with the last facility being demolished in 1989. The property is a facility and is the subject of an approved brownfield plan. The current taxable value for the project site is $1,500,000. The full build-out is anticipated to increase the taxable value to over $49,000,000

The city, county, and other taxing jurisdictions have committed their tax capture from this property to the project.

The total costs of the MEGA eligible activities included in the work plan are $3,515,013. Of this amount, $2,931,521 will be from state school tax revenues. Tax capture is expected to begin in 2001 and end in 2017.

Recommendation:

Staff recommends approval of tax capture for the following eligible expenses:

Demolition- $32,000
Site Preparation- $1,555,000
Infrastructure- $1,383,500
Agency Work Plan/Administrative Costs- $21,000
Anticipated State Review Costs - $74,788
Contingency (15%) - $448,725

Board Discussion:

Chairman Rothwell asked if there were any questions from the Board. There being none, it was moved and supported that Resolution 2001-029 approving school operating tax capture for the River's Edge Development be adopted with Tim Ward abstaining from the vote.

The meeting was adjourned at 11:43 a.m.