

## ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 North Washington Square, on May, 15 2007, at 10:00 a.m.

### Members Present

Keith Cooley  
Jim Epolito  
Bo Garcia  
Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached)  
Faye Alexander Nelson  
Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

### Others Present

Karen Ammarman, Secretary to the Board, MEDC  
Amy Banninga, MEDC  
Louie Barbat, 24520 Twelve Mile Southfield, LLC  
Tiffany Bloom, MEDC  
Joseph Borgstrom, MSHDA  
Stacy Bowerman, MEDC  
Kenneth Bowman, Ashley Grand Rapids, LLC  
Toni Brownfield, MEDC  
Kurt Brauer, Bodman Longley  
Greg Burkart, SSD  
John Byl, Waner Norcross & Judd LLP  
Lisa Deddon Cooper, Senator Schauer's Office  
Lisa Dancsok, MEDC  
James Davidson, Mayor of the City of Eaton Rapids  
Alan Dodds, Flex-N-Gate  
Jim Donaldson, MEDC  
Christine Dowding, Dowding Machining, LLC  
Howard Edelson, MEDC  
Roger Elkins, City of Ewart  
Dan Elliott, City of Ewart  
Rich Goodman, Sparton Corporation  
Stephen Haakenson, MEDC  
Susan Harvey, Ashley Grand Rapids, LLC  
David W. Hockenbrocht, Sparton Corporation  
Rochelle Katz-Freeman, City of Southfield  
Melissa Kendall, Flex-N-Gate  
Paul Lufty, 24520 Twelve Mile Southfield, LLC  
Bob McFarlane, Lakewood Construction  
Jeff Metts, Dowding Machining, LLC  
Mark Mitchell, Harbor Shores Community Redevelopment  
Jim Moore, Sparton Corporation  
Mark Morante, MEDC  
Irve Morse, Federal-Mogul Corporation  
Doug Parks, MEDC  
Nate Pilon, MEDC  
Matthew Rick, Attorney General's Office  
Mike Shore, MEDC

Representative Mike Simpson  
Raymond Snell, Blackman Charter Township  
Jim Stroop, Lakewood Construction  
Amy Torres, Enterprise Group of Jackson  
Tom Wackerman, ASTI Environmental Services

### **Call to Order**

Jim Epolito called the meeting to order at 10:05 a.m.

### **Approval of Minutes from April 17, 2007**

After review, a motion was made, supported and carried that board meeting minutes from the April 17, 2007, meeting be adopted.

### **Public Comment**

Representative Mike Simpson addressed the board to express his appreciation for the board and the MEDC.

Lisa Deddon Cooper from Senator Schauer's office stated that Senator Schauer was unable to attend but wished to express his support for Sparton Corporation's project.

### **ACTION ITEM**

*Dowding Machining, LLC  
449 Marilyn Street  
Eaton Rapids, MI 48827*

Jim Donaldson introduced the Honorable James Davidson, Mayor of the City of Eaton Rapids, along with Christine Dowding and Jeff Metts with Dowding Machining, LLC. Mr. Metts described the project for the board. Dowding Industries, Inc., was founded in 1964, by Maurice Dowding as a small tool and die shop. Over the years it has expanded into metal stampings, fabrications, precision machining and grinding, coupled with laser cutting machines. They currently report \$33 million in sales per year and have grown to 211 employees in the Eaton Rapids area. Customers include Caterpillar, Cummins, Demmer Corp., Borg Warner, Kobota, and International Truck. In 2006, mutual owners formed a company in Hiawatha, Iowa, to produce fabrications for Kawaski. Due to their Iowa operations, they have been able to secure new business and are considering locating this new business in Michigan under a new LLC, Dowding Machining.

Dowding Machining has secured significant new business for the machining of transmission housings, components, and platforms used in the assembly of wind turbines. For this production, they will be purchasing machines with 160 foot long beds. As a result, they have also received strong interest from the gas and oil industries for parts that can only be produced by machines of this size. The capital investment in the first year is anticipated at \$7.15 million for a building, machinery and equipment, and special tooling.

The facility will be constructed on land adjacent to the current Dowding Industries facility in Eaton Rapids, Michigan. They expect to create 200 new jobs within five years, with a starting average weekly wage of \$476. The majority of these new jobs will be machine operators, craftsman, and general laborers.

The Honorable James Davidson discussed the local contribution for the board. The City of Eaton Rapids has proposed a PA 198 for the abatement on personal and real property for 12 years in support to the project.

Jim Donaldson provided additional information about the project for the board. It is estimated that this facility will create a total of 358 jobs in the state by the year 2017. We also estimate that the project would create total state government revenues through the year 2017, of \$8,315,000 due to the creation of these new jobs.

Additionally, MEDC is offering a 3 mil SET abatement. It is estimated these abatements will save the company \$746,000 over 12 years.

Dowding Machining is also considering Hiawatha, Iowa where they have a related facility. Clipper Windpower will be assembling its wind turbines in Iowa and would like the primary parts to be built close by. Dowding has indicated wages, utility expenses, and taxes as contributing factors to a cost gap in favor of a facility in Iowa. Furthermore, Iowa is providing incentives that include training and tax credits.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 200 net new employees.

### **Board Discussion**

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

Keith Cooley asked what type of employees the company would be hiring. Mr. Metts stated the company would be hiring engineers along with other technical positions.

Jim Epolito asked if the company would be purchasing the turbines from Michigan. Mr. Metts replied that the company plans to have a supplier in Michigan due to the size of the turbines and the fact that they are not easily transportable.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-41, authorizing a MEGA tax credit for Dowding Machining, LLC was adopted.

### **ACTION ITEM**

*Sparton Corporation  
2400 East Ganson Street  
Jackson, MI 49202*

Jim Donaldson introduced Raymond Snell from Blackman Charter Township, Amy Torres with the Enterprise Group of Jackson, along with David W. Hockenbrocht, Jim Moore, and Rich Goodman with Sparton Corporation. Mr. Hockenbrocht described the project for the board. Sparton Corporation (NYSE:SPA) now in its 107th year, provides high mix, low to medium volume electronics design and manufacturing services utilizing seven manufacturing locations. In addition to strong core surface mount technology and plated through-hole, printed circuit board assembly and complete assembly manufacturing capabilities, Sparton offers a complete

range of pre-manufacturing and post-manufacturing services. Pre-manufacturing services include product development, concurrent engineering, design for test, design for manufacturing, design for assembly, printed circuit board design and quick-turn prototyping. Post-manufacturing services range from repair depot, direct ship, distribution management to field support. Sparton employs over 1,100 associates with 132 employed in Michigan.

Sparton Corporation is considering the reconfiguration of its existing Blackman Township, Jackson County facility to accommodate the expansion of engineering and production of printed circuit card assemblies for aerospace and other applications. This expansion will require capital investment of approximately \$2.7 million. Within five years the company will create 100 new jobs, paying an average weekly wage of \$566.

Mr. Snell discussed the local contribution for the board. The Township had a public hearing May 14, 2007, to establish an Industrial Development District and a 50 percent, 10-year abatement of the company's property taxes related to investments in new real and personal property was approved. The abatement on the company's new investment has an estimated value of \$227,000.

Jim Donaldson provided additional information for the board. It is estimated that this facility will create a total of 188 jobs in the state by the year 2020. We also estimate that the project would create total state government revenues through the year 2020, of \$5.9 million due to the location of this facility.

Sparton is also considering Brooksville, Florida, for this expansion, where they already have a facility. The company would not need to invest in its Brooksville facility because it is a newer facility and currently has the machinery and equipment to handle this expansion. In addition, labor and benefits costs are considerably lower in Florida.

The State of Michigan is offering up to \$350,000 in Community Development Block Grant funds for the training of 35 new hires to support an additional phase of this project.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for 12 years, for up to 100 net new employees.

### **Board Discussion**

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

Keith Cooley asked what type of positions the company would be filling. Mr. Hockenbrocht stated it would be hiring engineers, production support, and high-end assemblers. Keith Cooley asked if the company had clean rooms. Mr. Hockenbrocht replied that it did not have clean rooms, but the facility itself is very clean.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-42, authorizing a MEGA tax credit for Sparton Corporation was adopted.

## **ACTION ITEM**

*Ventra Evert, LLC  
502 East Anthony Drive  
Urbana, Illinois 61802*

Jim Donaldson introduced Melissa Kendall and Alan Dodds with Flex-N-Gate and Roger Elkins and Dan Elliott from the City of Evert. Mr. Dodds described the project for the board. The Flex-N-Gate Group of companies, which includes Ventra Evert LLC, is considering the acquisition of the Evert, Michigan operation of Collins & Aikman.

Flex-N-Gate employs over 12,000 people at facilities throughout the U.S., Canada, Mexico, Argentina, Brazil, and Spain. Primary product lines include large body and chassis structural assemblies, full bumper and fascia systems, brackets, receiver hitches, exterior trim components, running board systems, scissor and screw jacks, tools, spare tie hoists, hinges, and latch systems. Flex-N-Gate currently operates six facilities in Michigan, employing 1,027 workers.

The company is considering the acquisition of Collins & Aikman's Evert facility, which encompasses 455,000 square feet and employs 488 workers. Flex-N-Gate is proposing to continue to manufacture the existing product lines and may add additional programs. Flex-N-Gate anticipates investing \$3 million to purchase 30 molding machines and upgrade the existing paint line.

It is Flex-N-Gate's intent to retain virtually all of the plant's employment, but some redundant administrative positions may be eliminated. Flex-N-Gate and the United Auto Workers have discussed terms for a new collective bargaining agreement should the company acquire the facility. It is anticipated that the company will retain up to 488 employees with an average weekly wage of \$571.

Mr. Elkins discussed the local contribution for the board. The City of Evert 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 \$9,600.

Jim Donaldson provided additional information for the board. It is estimated that this facility will retain a total of 1,138 jobs in the state by the year 2013. We also estimate that the project would maintain total state government revenues through the year 2013, of \$21 million due to the retention of this facility.

If Flex-N-Gate does not purchase this facility, the company plans to aggressively bid for the programs currently handled by the Evert plant and will likely place them in facilities in southwestern Ontario, Kentucky, or Indiana. Labor and benefits costs at these facilities are considerably lower, and are geographically better situated for serving multiple customers.

## **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent rural retention employment tax credit for seven years, for up to 488 retained employees, if at least 400 employees are retained. Credits are subject to a repayment provision should the terms of the credit agreement not be met.

## **Board Discussion**

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

Jim Epolito asked what the City of Ewart's population was. Mr. Elkins responded that there are approximately 2,000 residents.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-43, authorizing a MEGA tax credit for Ventra Ewart, LLC, was adopted.

## **ACTION ITEM**

*Ashley Grand Rapids, LLC  
41965 Ecorse Road, Suite 420  
Belleville, Michigan 48111*

Peter Anastor introduced Susan Harvey and Kenneth Bowman with Ashley Capital and Tom Wackerman with ASTI Environmental Services. Ashley Capital intends to redevelop 206.4 acres and 4.7 million square feet of obsolete industrial and support buildings in the City of Grand Rapids, formerly owned by Steelcase. The current industrial operation will be transformed into a mixed-use retail, research and development and light industrial complex. The project will involve the demolition of three obsolete manufacturing buildings, the redevelopment of 15 existing industrial and support buildings, and the construction of new industrial, retail and research and development buildings. The project will be undertaken in 12 phases with the following anticipated result:

- Light Industrial – 4,321,697 square feet (95%)
- Office – 101,457 square feet (2%)
- Retail – 25,065 square feet (1%)
- Research & Development – 80,000 square feet (2%)

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 January 23, 2007.

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

The developer estimates that this project will create nearly 3,600 new jobs, mostly for light industrial companies. The unemployment rate for the City of Grand Rapids was 8.3% in March, 2007. This compares to the statewide seasonally adjusted average of 6.5% in March, 2007.

Total investment for this project is estimated at \$80.7 million, of which \$54.3 million is anticipated to be eligible investment as defined in the act.

The MEGA Board approved a MEGA TIF for this project at their March 13, 2007 meeting. The TIF was approved to support \$12.7 million of eligible activities at the site, however with the site plan revisions which have occurred the developer now anticipates TIF eligible costs at \$7.6 million.

**ELIGIBLE INVESTMENT BREAKDOWN:**

The eligible investment to be undertaken by Ashley Grand Rapids, LLC includes:

New Construction	\$ 27,155,577
Restoration, Alteration, Renovation, and Improvement of Buildings	\$ 27,098,104
TOTAL	\$ 54,253,681

**Recommendation**

The brownfield redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a \$5,425,368 credit.

**Board Discussion**

Faye Alexander Nelson 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.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-44, authorizing a brownfield redevelopment tax credit for Ashley Grand Rapids, LLC for the Steelcase Campus redevelopment project, was adopted.

**ACTION ITEM**

*City of Holland Brownfield Redevelopment Authority  
Holland, Michigan*

Peter Anastor introduced John Byl with Warner Norcross and Judd LLP and Jim Stroop and Bob McFarlane with Lakewood Construction. Mr. Stroop described the project for the board. Eighth Street Partners, LLC will remove portions of the existing surface parking on the site and construct a new four story retail/commercial building with a basement and a two story parking structure, which will include adjacent street level parking.

The new building will consist of approximately 37,500 square feet of office space as well as approximately 4,200 square feet of basement storage space. There will be approximately 50 to 70 new parking spaces created by the project.

The project is located within the boundaries of the City of Holland, a qualified local governmental unit and has been deemed a facility, as verified by the Department of Environmental Quality, and is the subject of a Brownfield Plan duly approved by the Holland City Council on March 7, 2007.

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

The project will create approximately 80 to 90 new, permanent jobs. The unemployment rate (unadjusted) for the City of Holland was 8.7% in March 2007. This compares to the statewide seasonally adjusted average of 6.5% in March 2007.

The cost of the new building and parking structure is expected to be approximately \$8 million. Total capital investment may reach approximately \$9 million.

The applicant will be reimbursed for interest of \$529,132 and other site preparation items through Local Tax Capture.

There are 47.6612 mills available for capture, with school millage equaling 24 mills (50.4%) and local millage equaling 23.6612 mills (49.6%). The recommended tax capture breaks down as follows:

School tax capture (50.4%)	\$ 353,527
Local tax capture (49.6%)	+ 348,473
TOTAL	\$ 702,000

**COST OF MEGA ELIGIBLE ACTIVITIES:**

Infrastructure Improvements	\$ 420,000
Site Preparation	+ 185,000
Sub-Total	\$ 605,000
Work Plan Prep. and Review	6,000
Contingency (15%)	+ 91,000
TOTAL	\$ 702,000

**Recommendation**

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$702,000, described above. Utilizing the current state to local capture ratio, the amount of school tax for this project is estimated at \$353,527.

**Board Discussion**

Faye Alexander Nelson 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 2007-45, authorizing the capture of local and school operating taxes for the City of Holland Brownfield Redevelopment Authority for the Eighth Street Partners, LLC redevelopment project was adopted.

**ACTION ITEM**

*City of Southfield Brownfield Redevelopment Authority  
Southfield, Michigan*

Joe Borgstrom introduced Paul Lufty and Louie Barbat with 24520 Twelve Mile Southfield, LLC, Kurt Brauer with Bodman Longley, and Rochelle Katz-Freeman with the City of Southfield. Mr. Brauer described the project for the board. The property is located at the north-west corner of Telegraph and Twelve Mile Roads in the City of Southfield and consists of three parcels. Two are owned by the developer or its members and the remaining parcel will be leased for parking purposes. Currently, the parcels include a gasoline fueling station and a one-story, vacant building located on an abandoned manufacturing site currently deemed unsafe by the City of Southfield. The developer proposes to demolish both buildings and redevelop the property,



resulting in a 16,000 square foot retail and commercial development. This will be accomplished by remediating environmental contamination so that the property may be used in a manner consistent with the proposed redevelopment, demolishing both existing buildings, existing underground structures and storage tanks, installing appropriate infrastructure and constructing the commercial space.

The project is located within the boundaries of the City of Southfield, a qualified local unit of government and has been deemed a facility. The property is the subject of a brownfield plan, duly approved by the City of Southfield on April 16, 2007.

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

The project is estimated to create 46 new permanent full-time jobs at an average wage of \$10 to \$25 per hour, including benefits. The unemployment rate (unadjusted) for the City of Southfield was 7.1% in March, 2007. This compares to the statewide seasonally adjusted average of 7.2% in March, 2007.

Contamination exists on two parcels that will be alleviated by, or in connection with the eligible activities, in a manner that is consistent with the anticipated use of the property. The developer anticipates that approximately \$115,830 will be necessary to remove and dispose of soils impacted by hazardous substances on one of the parcels and it is anticipated that those costs will be paid for with local tax increment revenues. In addition, the other parcel, currently a gas station, has approximately \$250,000 of environmental costs which will be paid for by Sunoco, the previous owner of the gas station.

Not including the cost of acquiring or leasing land, the initial private sector contribution is estimated to be approximately \$3 million for the redevelopment project.

The City of Southfield will support environmental costs and non-MEGA eligible costs with local only tax increment financing. It is estimated these costs could be up to \$600,000.

**TAX CAPTURE BREAKDOWN:**

There are 51.967 mills available for capture, with school millage equaling 25.6325 mills (49.3%) and local millage equaling 26.3345 mills (50.7%). The recommended tax capture breaks down as follows:

School tax capture (49.3%)	\$ 125,586
Local tax capture (50.7%)	\$ 129,152
TOTAL	\$ 254,738

**COST OF MEGA ELIGIBLE ACTIVITIES:**

Demolition	\$ 182,466
Public Infrastructure	+ 33,828
Sub-Total	\$ 216,294
Work Plan Prep. And Review	6,000
Contingency (15%)	+ 32,444
TOTAL	\$ 254,738

## Recommendation

The brownfield redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$254,738 described above. Utilizing the current state to local capture ratios, the amount of school tax capture for this project is estimated at \$125,586.

## Board Discussion

Faye Alexander Nelson gave the Executive Committee report. The Executive Committee recommends approval of the requested local and state tax capture.

Keith Cooley asked if demolition had begun. Mr. Brauer informed the board that the canopies for the gas station had been removed.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-46, authorizing the capture of local and school operating taxes for the City of Southfield Brownfield Redevelopment Authority for the Cloverleaf Plaza redevelopment project was adopted.

## ACTION ITEM

*Berrien County Brownfield Redevelopment Authority  
Benton Harbor and Benton Charter Township, Michigan*

Peter Anastor introduced Mark Mitchell with Harbor Shores Community Redevelopment and John Byl with Warner Norcross & Judd, LLP. Mr. Mitchell discussed the project for the board. The Berrien County Brownfield Redevelopment Authority has submitted a Work Plan amendment request for the addition of new eligible property and the approval of \$110,476,556 in local and school tax capture. The original Work Plan was approved at the October 18, 2005 MEGA Board meeting and that plan was subsequently amended at the October 17, 2006 MEGA Board meeting. The initial Work Plan approval included only the initial phases of redevelopment for the site, while the first amendment provided reimbursement for all phases of the project, as known at that time. Total overall TIF costs have not changed, as the increase in MEGA costs are being offset by a corresponding decrease in the MDEQ TIF request. It is anticipated that this will be the final Work Plan amendment for this project.

<u>COST OF MEGA ELIGIBLE ACTIVITIES:</u>	<u>Revised</u>	<u>1<sup>st</sup> Amendment</u>
Demolition	\$ 1,035,615	\$ 1,787,500
Infrastructure Improvements	32,903,803	36,287,875
Site Preparation	+ 21,664,837	+ 9,925,755
Sub-Total	\$ 55,604,255	\$ 48,001,130
Work Plan Preparation and Review	\$ 6,000	6,000
Interest (6%)	\$ 46,525,662	40,123,323
Contingency (15%)	\$ 8,340,639	+ 7,200,170
TOTAL	\$ 110,476,556	\$ 95,330,623

The Whirlpool Corporation in partnership with the City of Benton Harbor, the City of Saint Joseph, Benton Charter Township and Cornerstone Alliance is working with developers on a major redevelopment project including approximately 125 parcels on an estimated 550 acres. The property will be redeveloped into a completely new use which will include a combination of residential development, hotels, a water park, retail uses, senior housing, golf course and other commercial uses. At the end of the project, the site will include multiple low-rise residential buildings, single family homes, town homes and condominiums providing approximately 920

dwelling units, including 80 senior housing units. Approximately 400,000 square feet of commercial/retail space will also be constructed, including a 320 room, 280,000 square foot hotel, a 60,000 square foot indoor water park, a 20,000 square foot conference center and 40,000 square foot retail/restaurant space. In addition, the project will include marinas with access via the St. Joseph and Paw Paw rivers to Lake Michigan and an 18 hole Jack Nicklaus signature golf course.

The project is located within the boundaries of the City of Benton Harbor and Benton Charter Township, both qualified local governmental units and the properties are "facilities". The property is the subject of an amended brownfield plan, duly approved by Berrien County on May 10, 2007, with concurrence expected by Benton Charter Township on May 15, 2007.

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

This is a speculative project, however, according to the Work Plan it is anticipated that 2,000 permanent jobs will be created when the project is complete. The Berrien County unadjusted unemployment rate was 7.2% in March, 2007. This compares to the statewide unadjusted average of 6.5% in March, 2007.

The project will cost in excess of \$500 million which will be provided by private investors and conventional loans.

In June 2006, National City Bank of the Midwest approved initial project financing for the project. In addition, the project will be financed by private investors as well as additional conventional loan financing.

It is anticipated that various developers will seek Brownfield SBT tax credits for specific development elements of the project. The first of these credits was approved at the December 19, 2006 MEGA Board in the amount of \$9.23 million.

*TAX CAPTURE BREAKDOWN:*

For City of Benton Harbor properties there are 64.7757 mills available for capture, with school millage equaling 23.9676 (37%) and local millage equaling 40.8081 mills (63%). For properties in Benton Charter Township, there are 42.8226 mills available for capture, with school millage equaling 23.9676 (56%) and local millage equaling 18.8550 (44%).

Assumptions to calculate the estimated overall capture break down.

1. Approximately 81% of new taxable value will occur on City of Benton Harbor properties.
2. Approximately 82% of new taxable value in the City of Benton Harbor will be for residential, with approximately 40% of the residential being homestead.
3. Approximately 99% of new taxable value in Benton Charter Township will be for residential, with approximately 50% of the residential being homestead.

The recommended tax capture breaks down as follows:

School tax capture (39%)	\$43,196,333
Local tax capture (61%)	<u>\$67,280,223</u>
TOTAL	\$110,476,556

### **Recommendation**

The brownfield redevelopment staff recommends approval of local and school tax capture for the amended eligible activities totaling \$110,476,556 described above and for addition of new eligible property. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$43,196,333.

### **Board Discussion**

Faye Alexander Nelson gave the Executive Committee report. The Executive Committee recommends approval of the requested amendment.

Keith Cooley asked if it was common for site preparation costs to double. Mark Morante replied that it was common for environmental costs to become site preparation costs.

Hearing no further discussion, a motion was made and supported and Resolution 2007-47, authorizing the additional capture of taxes levied for school operating purposes for the Berrien County Brownfield Redevelopment Authority for the Harbor Shores Project, was adopted.

### **ACTION ITEM**

*Scripps Park Associates, LLC  
32605 West Twelve Mile Road, Suite 350  
Farmington Hills, Michigan 48334*

Mark Morante described the project for the board. The MEGA Board approved a Large SBT Brownfield Redevelopment Tax Credit in the amount of \$1.5 million for this project on February 15, 2005 for the construction of ninety-eight (98) for-sale homes, consisting of forty-four single-family homes, forty-four townhouse units and ten duplex units. The applicant is now requesting that the project be amended to change the status of the project to multi-phase and to reduce the total maximum eligible investment from \$20 million to \$17.3 million. At the time of the original application, multi-phase projects were limited to commercial and industrial projects. With changes to the SBT (PA 112 of 2006) this project would now qualify as a multi-phase project.

The amendment would allow an additional two years to the original five-year period for completion but will not change the overall scope of the project.

The proposed amendment would include two phases of development. Phase I would include the construction of forty-four (44) single-family homes and is expected to be completed by the end of the first quarter in 2008. Total investment for Phase I will be \$9.3 million.

Phase II would include the construction of forty-four (44) townhouse units and ten duplex units. Phase II will be completed prior to the end of the seven-year investment period, February 28, 2012. Total investment is expected to be \$8 million.

The applicant is proposing a credit of \$800,000 for Phase I with the remaining \$700,000 allocated to their Phase II request. Eligible Investment will exceed the minimum required total to be able to claim the proposed credit amounts for each phase.

**AMENDED ELIGIBLE INVESTMENT BREAKDOWN**

Eligible investment to be undertaken in Detroit by Scripps Park Associates, LLC is:

New Construction (Phase I)	\$ 9,300,000
New Construction (Phase II)	\$ 8,000,000
	\$ 17,300,000

**Recommendation**

The MEDC recommends approval of an amendment to change the project to a multi-phase designation and reduce the maximum total eligible investment to \$17.3 million for this project while maintaining the MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a \$1,500,000 credit for Scripps Park Associates, LLC.

**Board Discussion**

Faye Alexander Nelson gave the Executive Committee report. The Executive Committee recommends approval of the requested amendment.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-48, authorizing the amendment to Resolution 2005-10 for Scripps Park Associates, LLC's Brownfield SBT tax credit, was adopted.

**ACTION ITEM**

*Federal-Mogul Corporation transfer credit to  
New Federal-Mogul Corporation*

Tiffany Bloom described the project for the board. The MEGA awarded a tax credit to Federal-Mogul Corporation to retain operations at the Project Facilities in Southfield, Ann Arbor/Plymouth, Greenville, Sparta, and St. Johns. The Company also had to make New Capital Investment at the Greenville and St. Johns manufacturing facilities to reduce the lead used in manufacturing various products, and to manufacture a new product. The Company and the MEGA entered into a Tax Credit Agreement on January 31, 2005 that described the Project and set forth the terms of the tax credit.

The Company completed the project and collected the credit in 2005 and 2006 as anticipated.

The Company anticipates being merged into New Federal-Mogul Corporation as a part its Chapter 11 bankruptcy proceedings. Federal-Mogul Corporation has requested that the MEGA credit be transferred to New Federal-Mogul Corporation. However, due to the complex nature of bankruptcy proceedings, the merger may, at the last minute, be halted.

**Recommendation**

Staff recommends that the MEGA agree to the transfer of the Federal-Mogul Corporation credit to New Federal-Mogul Corporation effective when the merger of Federal-Mogul Corporation (EIN 38-0533580) with New Federal-Mogul Corporation (EIN 20-8350090) happens, on or

before December 31, 2007. If the merger between Federal-Mogul Corporation and New Federal-Mogul Corporation does not take place by December 31, 2007, this resolution is void and Federal-Mogul Corporation may file another MEGA Credit Transfer Application on a future date should it still wish to transfer the credit.

### **Board Discussion**

Faye Alexander Nelson gave the Executive Committee report and recommended approval of the requested transfer of tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-49, authorizing the transfer of tax credit from Federal-Mogul Corporation to New Federal-Mogul Corporation, was adopted.

The meeting was adjourned at 11:17 a.m.

The next board meeting is scheduled to take place on June 19, 2007.