ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, on May 20, 2008 at 10:00 a.m.

Members Present

Faye Alexander Nelson (via conference call)
Douglas Buckler
Keith Cooley
Cullen DuBose
Jim Epolito
Baldomero Garcia
Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached)
Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

Call to Order

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

Approval of Minutes from April 22, 2008

After review, a motion was made, supported and carried that board meeting minutes from the April 22, 2008, meeting be adopted.

Public Comment

Peter Anastor discussed the recent changes to MEGA and Brownfield Legislation for the board.

ACTION ITEM

Marimba Auto LLC
41133 Van Born Road, Suite 200
Belleville, Michigan 48111

Jeff Sand introduced Anurag Bajaj and Venkat Chigulla with Marimab Auto LLC, along with Deb Zevalkink from Canton Township. Mr. Bajaj described the company for the board. Marimba Auto LLC, currently located in Belleville, imports tubular raw materials, semi-finished components and completed components from South Korea, China, India and other global locations. The company currently employ 13 full-time and 27 part-time employees at their location in Belleville.

Ms. Zevalkink discussed the local contribution. The City of Canton anticipates approval of a property tax abatement for 12 years under PA198 of 1974. The estimated value of this abatement is $544,274.

Amy Deprez provided information about the project. Marimba plans to supply a large power train component that will be directly shipped to one of the local OEM plants. In order to accommodate this expansion and current business, the company plans to build a new 130,000 square foot facility in Canton. The project will create 72 new jobs over the next three years that will pay an average weekly wage of $759. Total investment related to this project is expected to be approximately $16 million.

It is estimated that this facility will create a total of 170 jobs in the state by the year 2015. It is also estimated that the project would create total state government revenues through the year 2015, of $3.9 million due to the creation of these new jobs.

Alternatively, the company has considered various locations in the Southern region of the U.S. In particular, Lewisburg, Tennessee, has developed an aggressive incentive package that includes build-to-suit facility, with a lease to own purchase agreement, tax incentives and low interest revolving loans.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for seven years, for up to 72 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for Marimba Auto LLC, and recommends approval of a standard employment credit for seven years.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-36, authorizing a MEGA tax credit for Marimba Auto LLC, was adopted.

ACTION ITEM

EcoMotors International, Inc.
2401 West Big Beaver Road, Suite 100
Troy, Michigan 48084

Kathy Kleckner introduced O. John Coletti and Curt Brainard with EcoMotors International, Inc., Brian Murphy from the City of Troy, and Lynda Earhart from Oakland County. Mr. Coletti described the company for the board. EcoMotors International, Inc. is a new company that is developing innovative next generation diesel engines, with a focus on fuel efficiency, low emissions and cost effective solutions for domestic and developing markets. Currently the company has 7 associates in Troy, Michigan.

Mr. Murphy discussed the local contribution. The City of Troy anticipates approval of a property tax abatement for up to 12 years under PA198 of 1974. Approval of the tax abatement is expected to take place within the next 60 days.

Amy Deprez provided additional information about the project. EcoMotors proposes to open a technical center in Troy to develop a commercially viable opoc™ diesel engine, which will be capable of achieving 100mpg in a demonstrator vehicle by 2010. The project would create 156 new jobs within five years, paying an average weekly wage of $1,594, and would include a total capital investment in excess of $7 million.

It is estimated that this facility will generate a total of 339 jobs in the state by the year 2018. Total state government revenues through the year 2018, would be increased by $8.7 million due to the presence of this facility.

Alternatively, the company is considering this expansion at their existing facility in California. Primary benefits of pursuing the California option include: labor savings based on efficiency savings due to consolidation of all R&D in one location; building cost savings; close proximity of the Goleta R&D facility and R&D team to the established Asian and newly emerging OEM decision makers; greater ability to more easily leverage existing relationships with west coast technology partners; and lower degree of business complexity enabling greater focus on technical issues during the crucial start-up phase. In addition, the California option also has lower M&E, utilities, transportation and property tax costs associated with it.

The company is a qualified high-technology business, whose primary business activity is advanced automotive, manufacturing and materials technology, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 156 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for EcoMotors International, Inc. and recommends approval of a high-technology employment credit for 10 years.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-37, authorizing a MEGA tax credit for EcoMotors International, Inc., was adopted.

ACTION ITEM

Raval USA, Inc.
1939 Northfield Drive
Rochester Hills, Michigan 48309

Penny Launstein introduced Dennis Rainwater with Raval USA, Inc., Dan Casey from the City of Rochester Hills, and Lynda Earhart from Oakland County. Mr. Rainwater described the company for the board. Raval USA, Inc., whose Israeli parent company is Raval ACS Ltd., is a design, development and manufacturing company. Raval's primary products are vapor valves that are used on various vehicle fuel tanks to control the fill quality and venting of the fuel tank to the charcoal canister. Currently the company has a small sales office in Southfield and employs 5 associates in Michigan.

Mr. Casey discussed the local contribution for the board. The City of Rochester Hills anticipates approval of a property tax abatement for 8 years under PA198 of 1974. Approval of the tax abatement is expected to take place on May 19, 2008 and is valued at $184,862.

Amy Deprez provided information about the project. Raval plans to establish their design, development and manufacturing site in Rochester Hills. The company expects to create 65 new jobs during the first 5 years of operations, paying an average weekly wage of $970 and investing a total of almost $7 million over the next 5 years to support the company's growth efforts.

It is estimated that this facility will generate a total of 234 jobs in the state by the year 2018. Total state government revenues through the year 2018, would be increased by $6.5 million due to the presence of this facility.

Alternatively the company is considering a location in Clinton, Tennessee. The company has identified approximately a 28% cost differential between wages in Tennessee and Michigan overall. Additionally, lease rates, utilities (mainly water and sewer rates), and taxes were higher and together with labor costs accounted for a $4.3 million gap.

The company is a qualified high-technology business, whose primary business activity is advanced automotive, manufacturing and materials technology, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 65 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for Raval USA, Inc., and recommends approval of a high-technology employment credit for 10 years.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-38, authorizing a MEGA tax credit for Raval USA, Inc., was adopted.

ACTION ITEM

TransIT Solutions, LLC
1320 Washington Avenue
Bay City, Michigan 48708

Brenda Flory introduced Gary Short with TransIT Solutions, LLC, along with Steve Black and Patti Stowell from the City of Bay City. TransIT was established in October 2005 as a software solutions provider for the transportation industry. Currently, TransIT is preparing to undertake a project with an in-cab communications and GPS positioning company. TransIT is developing a solution that harnesses data from a fleet management system. The company has a small office in Bay City and employs four associates in Michigan.

Mr. Black discussed the local contribution. The City of Bay City anticipates approval of a property tax abatement for 12 years under PA198 of 1974. This abatement is valued at $114,000. The city also supports an Obsolete Property Rehabilitation District (OPRA) over the next 12 years. The OPRA is valued at $62,000. Approval of these tax abatements is expected to take place on June 2, 2008.

Val Hoag provided information about the project. TransIT plans to rehabilitate a building in Bay City, Michigan into office space for information technology (IT) software writers. The company expects to create 105 new jobs during the first five years of operations, paying an average weekly wage of $959 and investing a total of approximately $3 million (over the next 5 years) to support the company's growth efforts.

It is estimated that this facility will generate a total of 247 jobs in the state by the year 2015. Total state government revenues through the year 2015, would be increased by $2.9 million due to the presence of this facility.

The company is considering locations in Green Bay, Wisconsin, San Diego, California and Phoenix, Arizona as alternatives for this project. The company has indicated that locating the project in Michigan leads to challenges both in attracting qualified IT talent to the Bay City area and the perceived quality of life in Michigan versus other areas. San Diego has a greater pool of technical talent and Green Bay, and Phoenix are homes to large trucking companies that would likely be Trans IT customers and have more people that are familiar with the IT needs of the trucking industry.

The company is a qualified high-technology business, whose primary business activity is advanced automotive, manufacturing and materials technology, as defined in the Act.

Recommendation

The MEDC recommends a 100 percent high-technology look back employment tax credit for fourteen years, for up to 460 net new employees. In order for the company to collect the credit in years 13 and 14, the company must create 450 net new jobs by the fifth year of the MEGA tax credit. Failure to meet the job creation thresholds will result in BAE Systems forfeiting the remaining two years respectively.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for TransIT Solutions, LLC, and recommends approval of a high-technology employment credit for 14 years.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-39 authorizing a MEGA tax credit for TransIT Solutions, LLC, was adopted.

ACTION ITEM

Northland Corporation, Inc.
701 Ranney Drive
Greenville, Michigan 48838

Penny Launstein introduced Gary Green and Kent Coon with Northland Corporation, Inc. and George Bosanic from the City of Greenville. Mr. Green described the company for the board. Northland Corporation manufactures high-end residential and, to a lesser degree, commercial under-counter refrigeration products for global distribution. The company currently employs 129 employees in Michigan.

Mr. Bosanic discussed the local contribution. The City of Greenville anticipates approval of 50 percent property tax abatement on debt millage for 12 years. Approval of the tax abatement is expected to take place on May 20, 2008. This abatement has an estimated value of $217,000.

Steve Haakenson provided additional information about the project. The proposed project is to build a 152,000 sq. ft. manufacturing and research and development facility in the Renaissance Zone located in Greenville, Michigan. The existing Greenville production lines will be transferred to this new site. Product lines from other manufacturing sites and the addition of a design & innovation center to focus on excellence in new product development for their refrigeration products will also be moved to the new site. The sale of the commercial segment of their business is expected to reduce 28 positions at their Greenville facility in August of 2008. The proposed project would create a total of 185 jobs over the next five years, paying an average weekly wage of $495 and would include a total capital investment of $9.6 million.

It is estimated that this facility will generate a total of 337 jobs in the state by the year 2020. Total state government revenues through the year 2020, would be increased by $9.6 million due to the presence of this facility.

Northland Corporation's parent company, Aga Foodservice, is considering this expansion at either their Greenville, Michigan site or another current site in Richmond, Indiana. In order to accommodate the additional product lines and design and innovation center, Northland Corporation would need to move to a new facility in Greenville while the Richmond facility would only require some building renovations. Therefore, the cost gap is largely due to the upfront construction costs. This gap is estimated at $6.6M.

The MEDC has also approved training funds for the project. Through our Economic Development Job Training program, the MEDC will provide an employee training grant for the new employees hired during the first year of operations. The value of this grant will be $500/employee, for up to $42,500

Northland Corporation will also be receiving the benefit of locating in the Greenville Renaissance Zone. The remaining life of this zone is 13 years and is estimated to provide tax relief of $2.5 million for Northland Corporation.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent rural employment tax credit for 12 years, for up to 185 net new employees.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed project for Northland Corporation, Inc. and recommends approval of a rural employment tax credit for 12 years.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-40, authorizing a MEGA tax credit for Northland Corporation, Inc., was adopted.

ACTION ITEM

SSGRCC, LLC
648 Monroe, NW, Suite 106
Grand Rapids, Michigan 49503

Jim Paquet introduced Joe Moch, Sr. and Joe Moch, Jr. with SSGRCC, LLC, John Byl with Warner Norcross & Judd, LLP, as well as Kara Wood with the City of Grand Rapids. Mr. Moch, Jr. described the project for the board. The project consists of the construction of a mid-priced extended stay hotel on the corner or Trowbridge Street and Bond Avenue in the City of Grand Rapids. The site is a facility and is currently vacant. The hotel will contain approximately 90,000 square feet and hold approximately 137 suites, consisting of studio units and 1 and 2 bedroom units with kitchenettes and daily rates of approximately $115 per night.

Jim Paquet provided additional information about the project. The developer will incur total capital investment of $21 million with approximately $16 million in eligible investment. It is estimated that the project will create 28-30 new jobs with wages ranging from $10-$17 per hour. The project will take approximately 16 months to complete.

The project is located within the boundaries of the City of Grand Rapids, a qualified local governmental unit and has been determined to be a facility, as verified by the Department of Environmental Quality. The property is the subject of an amended Brownfield Plan, duly approved by the City of Grand Rapids on May 13, 2008.

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

This eligible property is part of an approved MEGA Brownfield TIF project that was approved in 2005 for a total of $1,488,745 for certain eligible activities. A portion of the approved public infrastructure items will be completed during the construction of this project. The approved TIF is also a part of the Icon on Bond project.

The eligible investment to be undertaken by SSGRCC, LLC includes:

New Construction	$16,103,725
Total	**$16,103,725**

Recommendation

The Brownfield Redevelopment staff recommends approval of designation as a Urban Development Area Project and a MEGA MBT Brownfield Redevelopment Credit of 20% of the eligible investment, not to exceed a $3,220,745 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield MBT redevelopment tax credit request for SSGRCC, LLC and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-41, authorizing brownfield MBT redevelopment tax credit for SSGRCC, LLC, was adopted.

ACTION ITEM

City of Detroit Brownfield Redevelopment Authority
4830 Cass Ave Project

Jim Paquet introduced Larry Winokur with UrbCamCom WSU I, LLC, Anne Jamison-Urena with AKT Peerless, and Mariangela Pledl from the City of Detroit. Mr. Winokur described the project for the board. The project is the redevelopment of two parcels comprising .62 acres on the east side of Cass Ave. just south of Warren Ave. in Midtown Detroit. The property is occupied by two vacant buildings, a church and the Christian Science Reading Room. Both buildings will be demolished and will be replaced by construction of a five-story, mixed-use commercial building. The new building will house 10,000 square feet of retail space, fronting on Cass Ave across from the old WSU Administration Building. The remainder of the first level will provide 26 enclosed parking spaces. The upper four floors will contain 64 residential suites. Each suite will have a shared kitchen and living room serving 3 or 4 individually accessible bedroom/bathroom units. Bedroom/bath units will rent from $450 to $525.The project will create 33 FTE jobs. Total investment is projected at $13 million.

Jim Paquet provided additional information about the project. The project is located within the boundaries of the city of Detroit, a qualified local governmental unit and is 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 Detroit on May 6, 2008.

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

The $54,220 cost of environmental assessment, due care and remediation activities will be funded through local tax capture only. No state tax capture will be requested. It is expected that an MBT credit of $2,000,000 will be requested for this project, based on an anticipated eligible investment of $10 million and designation as an Urban Development Area Project.

COST OF MEGA ELIGIBLE ACTIVITIES:	
Demolition	$ 40,000
Lead and Asbestos Abatement	13,000
Infrastructure Improvements	66,000
Site Preparation	+ 246,216
Subtotal	$ 365,216
Contingency @ 15%	54,782
Work/Brownfield Plan	+ 10,000
TOTAL	**$ 429,998**

Commercial property tax capture is 62.5605 mills with state school tax capture equal to 24 mills (38%) and local tax capture equal to 38.5605 mills (62%). The tax capture breaks down as follows:

OVERALL		
School tax capture (38.36%)	$	164,947
Local tax capture (61.64%)	$	265,051
TOTAL	**$**	**429,998**

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $429,998 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $164,947.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan request from the City of Detroit Brownfield Redevelopment Authority for the 4830 Cass Ave Project and recommends approval of school tax capture.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-42, authorizing the capture of local and school operating taxes for the City of Detroit Brownfield Redevelopment Authority for the 4830 Cass Ave Project, was adopted.

ACTION ITEM

City of Detroit Brownfield Redevelopment Authority
Metro Livernois, LLC Project

Jim Paquet introduced Paul Bohn with Fausone Bohn, LLP and Mariangela Pledl from the City of Detroit. Mr. Bohn discussed the project for the board. The project is the commercial redevelopment of a single parcel of just under 16 acres in southwest Detroit near the corner of Warren and Livernois. The site contains several buildings that have been abandoned for more than a dozen years. The buildings have been and stripped of all electrical, mechanical and plumbing systems, and even some structural steel. Although the property is fenced and monitored, it is frequently used as an illegal dump.

The project will demolish all the buildings, surface concrete and utility tunnels, and construct a 85,000 to 90,000 square foot neighborhood commercial center. The center will include a 42,000 square foot grocery store, a 25,000 square foot department store and numerous other spaces ranging from 1,000 to 8,000 square feet. The project will create 150 permanent jobs. Total investment is projected at $7.4 million.

Jim Paquet provided additional information about the project. The project is located within the boundaries of the City of Detroit, a qualified local governmental unit and is a facility, as verified by the Department of Environmental Quality. The property is also blighted. The property is the subject of a brownfield plan, duly approved by the Detroit City Council on January 15, 2008.

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

The $116,000 cost of environmental assessment, due care and remediation activities will be funded through local and state tax capture from the Department of Environmental Quality. In addition, it is expected that an MBT credit of $980,000 will be approved for the $4,900,000 in eligible investment in the project. The developer is seeking approval under the newly enacted “urban development area” provisions of the law which are designed to boost incentives for projects that address underserved commercial markets. Until December 31, 2010, such projects are eligible for MBT Brownfield Redevelopment Credits of up to 20%.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	$ 825,000
Lead and Asbestos Abatement	95,000
Site Preparation	+ 675,000
Subtotal	$ 1,595,000
Contingency @ 15%	239,250
TOTAL	**$ 1,834,250**

There are a total of 65.5533 mills available for capture on this commercial property, with state school tax capture equal to 24 mills and local tax capture equal to 41.5533. The property has entered the Wayne County TURBO program, thus resetting the taxable value to zero prior to entering into the brownfield plan. The TURBO program also impedes capture in the first four years by reducing the available capture by 50%.

Prior to being placed in the TURBO program, the taxable value of this property was $333,821(i.e. the “base taxable value”). According to projections, this base taxable value would have generated approximately $4,402 in state school tax revenue for the first four years, and $8,804 on an annual basis for the remaining years until reimbursement is complete. Although, 100% of both school and local millage will be available for capture, the total amount of state tax capture will be limited to a maximum of $565,751, thus offsetting the loss in state revenue as a result of the property being placed in the Wayne County TURBO.

The recommended tax capture breaks down as follows:

OVERALL

School tax capture (30.84%)	$ 565,751
Local tax capture (69.16%)	$ 1,268,499
TOTAL	**$ 1,834,250**

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $1,834,250 described above. Utilizing the current state to local capture ratio, the maximum amount of school tax capture for this project is $565,751.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan request from the City of Detroit Brownfield Redevelopment Authority for the Metro Livernois, LLC Project and recommends approval of school tax capture.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-43, authorizing the capture of local and school operating taxes for the City of Detroit Brownfield Redevelopment Authority for the Metro Livernois, LLC Project, was adopted.

ACTION ITEM

City of Lansing Brownfield Redevelopment Authority
Ottawa Block Development Project

Tom Durkee introduced Eugene Townsend with Sycamore Street Partners, LLC, Tony Beyers with Vesta Building Industries, Steve Willobee with NTH Consultants, and Karl Dorshimer from the City of Lansing. Mr. Townsend described the project for the board. This is a new development infill project on a large contaminated vacant site in the City of Lansing. The property was formerly owned by the State of Michigan. Sycamore Street Partners, LLC, will be conducting due care activities on the site and substantial site preparations and improvements in order to construct a mixed-use residential and retail development. The project will include “green” elements such as an open public green space area, energy efficiency and water saving designs.

This is a 3 phased project that will involve the development of 70 residential condominiums and a 5,000 square foot neighborhood grocer and retail center (approximately 90% residential and 10% retail). This project will create 11 full-time new jobs (7 retail and 4 maintenance/property management). Wages are expected to be in the $9.00 to $15.00 per hour range. Total private investment is expected to be $13 million. Total eligible investment is approximated at $9 million.

Tom Durkee provided additional information about the project for the board. The project is located within the boundaries of the City of Lansing, a qualified local governmental unit and the property has been deemed a facility, as verified by the DEQ. The property is the subject of a brownfield plan, duly approved by the City of Lansing on March 24, 2006.

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

The Developer has also requested a MBT Brownfield Tax Credit in the amount of $1,803,856.

This project includes both commercial and residential components. For the commercial portion there are 61.0221 mills available for capture, with school millage equaling 23.9262 mills (39.21%) and local millage equaling 37.0959 mills (60.79%). For the residential portion all properties are homestead properties. For the residential portion there are 54.0459 mills available for capture, with school millage equaling 6.0 mills (11.1%) and local millage equaling 48.0459 mills (88.9%). The residential portion of the property is subject to a Neighborhood Enterprise Zone (NEZ), which is one-half the statewide average for eligible jurisdictions. The recommended tax capture breaks down as follows:

COMMERCIAL:	
School tax capture (39%)	$ 93,714
Local tax capture (61%)	$ 145,296
TOTAL	**$ 239,010**

RESIDENTIAL Homestead (NEZ through 2021):		
School tax capture (29%)	$	260,561
Local tax capture (71%)	$	626,465
TOTAL	**$**	**887,026**

OVERALL:		
School tax capture (31%)	$	354,275
Local tax capture (69%)	$	771,761
TOTAL	**$**	**1,126,036**

COST OF MEGA ELIGIBLE ACTIVITIES:		
Demolition	$	64,090
Infrastructure Improvements		427,006
Lead or Asbestos Abatement		27,250
Site Preparation	+	451,250
Sub-Total	$	969,596
Work/Brownfield Prep & Review		11,000
Contingency (15%)	+	145,440
TOTAL	**$**	**1,126,036**

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $1,126,036, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $354,275.

Board Discussion

Jim Epolito gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan request from the City of Lansing Brownfield Redevelopment Authority for the Ottawa Block Redevelopment Project and recommends approval of school tax capture.

[Bo Garcia was recused]

Hearing no further discussion, a motion was made and supported, and Resolution 2008-44, authorizing the capture of local and school operating taxes for the City of Lansing Brownfield Redevelopment Authority for the Ottawa Block Redevelopment Project, was adopted.

ACTION ITEM

City of Troy Brownfield Redevelopment Authority
Pavilions of Troy Project

Pauline Millichamp introduced Paul Bohn with Fausone Bohn, LLP, Hunter Richardson with the Richardson Development Group, Rick Rattner with Williams, Williams, Rattner and Plunkett, as well as Brian Murphy from the City of Troy. Mr. Richardson described the project for the board. This mixed-use project is planned to be located on the former site of the Kmart Headquarters, an approximate 40 acre parcel located in the heart of Troy's Big Beaver corridor. The existing vacant headquarters, built in 1972, will be demolished. The property will be redeveloped into a mixed-use, pedestrian friendly, commercial and residential development. Some of the principal components of the project are:

a) Approximately 440,000 square feet of commercial/retail space
b) 132 residential units, incorporating one to three bedroom multi-story, single family residences above and integrated into the retail space.
c) Three multi-story parking decks
d) A public ice skating rink
e) A community pavilion
f) A 3,000 seat cinema/theater complex
g) Several restaurants
h) A neighborhood grocery store

Mr. Murphy discussed the local assistance. The Troy Downtown Development Authority has committed $5,098,000 to the project to assist with the costs of demolition.

Jim Paquet provided additional information about the project. The project is located in the City of Troy and has been deemed a functionally obsolete property by a level IV assessor. The City of Troy is not a qualified local governmental unit, but is eligible to provide demolition and lead and asbestos removal as provided under 2007 PA 204. The property is subject of a Brownfield plan, duly approved by the City of Troy on April 21, 2008.

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

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	$ 7,209,340
Lead and Asbestos Abatement	+ 133,750
Subtotal	$ 7,343,090
Contingency (15%)	$ 1,101,464
Interest (6%)	$ 0
TOTAL	**$ 8,444,554**

Due to the project being located in the Troy Downtown Development Authority, there are only 27.959 mills available for capture on the real property, with state school mills equaling 24 mills and local mills equaling 3.959 mills. For new personal property there are 15.2446 mills available due to the exemption on half of the school operating mills, with state school mills equaling 11.2856 mills and local mills equaling 3.959 mills. The recommended tax capture breaks down as follows:

REAL PROPERTY

School tax capture (86%)	$ 6,233,443
Local tax capture (14%)	$ 1,028,258
Total	$ 7,261,701

PERSONAL PROPERTY

School tax capture (74%)	$ 875,668
Local tax capture (26%)	$ 307,185
Total	$ 1,182,853

OVERALL

School tax capture (84%)	$ 7,109,111
Local tax capture (16%)	$ 1,335,443
Total	**$ 8,444,554**

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $8,444,554 described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $7,109,111.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan request from the City of Troy Brownfield Redevelopment Authority for the Pavilions of Troy Project and recommends approval of school tax capture.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-49, authorizing the capture of local and school operating taxes for the City of Troy Brownfield Redevelopment Authority for the Pavilions of Troy, was adopted.

ACTION ITEM

Two West Fulton LLC
15 Ionia SW, Suite 630
Grand Rapids, Michigan 49503

Peter Anastor introduced Sam Cummings with Two West Fulton, LLC, John Byl with Warner Norcross and Judd, LLP, along with Kara Wood from the City of Grand Rapids. Mr. Cummings described the project for the board. The project is anticipated to consist of the construction of 66 residential apartment units with approximately 262 parking spaces which will be included in an attached parking structure. In addition, the project will include between 32,000-39,000 square feet of retail development, including a performing arts theater, art gallery, and other retail uses. The project is expected to create 38 new full-time jobs.

Peter Anastor provided additional information about the project. Two West Fulton was approved on March 18, 2008 for a large Brownfield Redevelopment MBT credit project in the amount of $3,400,000 based off eligible investment in the amount off $34,000,000.

Two West Fulton meets the definition of an Urban Development Area Project (UDAP), which allows projects to seek a credit up to a maximum of 20% of project eligible investment. The eligible investment to be undertaken by Two West Fulton, LLC has been amended to remove soft cost expenses and is estimated to be:

Two West Fulton	**Amended**	**Original**
New Construction	$32,200,000	$34,000,000
Total	**$32,200,000**	**$34,000,000**

Recommendation

The Brownfield Redevelopment staff recommends approval of the amendment request designation as an Urban Development Area Project and to increase the credit percentage from 10% to 20% of eligible investment not to exceed a $6,440,000 credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed the proposed brownfield MBT redevelopment tax credit amendment request for Two West Fulton, LLC, and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-45 authorizing an amendment to Resolution 2008-24 authorizing a brownfield redevelopment tax credit for Two West Fulton, LLC, was adopted.

ACTION ITEM

City of Grand Rapids Brownfield Redevelopment Authority
2 East Fulton, LLC Project

Peter Anastor introduced Bob Tol with 2 East Fulton, LLC, John Byl with Warner Norcross and Judd, LLP, and Kara Wood from the City of Grand Rapids. Mr. Byl described the project for the board. This amendment is due to a change in the scope of the approved project and the identification of additional eligible activities subsequent to the date of the original approval. The change is partially attributable to the downturn in the real estate market. The original project was for renovation of the existing two floors and the construction of an additional four floors into approximately 28,000 square feet of commercial space and two floors of residential condominiums. The revised project will now consist of the renovation of the existing two-story building into approximately 15,000 square feet of commercial space, as outlined in the amended work plan. The project will include approximately 7,000 square feet to be occupied by a bank/commercial tenant with the remaining 8,000 square feet completed to white-box stage for an unidentified tenant for retail and/or office space.

Peter Anastor provided additional information about the project. The City of Grand Rapids' Brownfield Redevelopment Authority has submitted a Work Plan amendment request for the approval of $326,900 in local and school tax capture. The original Work Plan was approved at the October 18, 2005 MEGA Board meeting.

COST OF MEGA ELIGIBLE ACTIVITIES:	**Amended**	**Original Approval**
Demolition	$ 130,000	$ 130,000
Infrastructure Improvements	$ 141,000	$ 0
Site Preparation	+ 25,000	+ 0
Sub-Total	$ 296,000	$ 130,000
Contingency (15%) (new cost only)	24,900	19,500
Work Plan Prep and Review	+ 6,000	+ 6,000
TOTAL	**$ 326,900**	**$ 155,500**

The project is located within the boundaries of the City of Grand Rapids, a qualified local governmental unit, and has been deemed functionally obsolete, as attested to by a level 3 assessor, and is the subject of an amended brownfield plan, duly approved by the City of Grand Rapids on February 5, 2008.

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

The project was also awarded a Brownfield SBT credit in the amount of $443,800 in 2005. The SBT credit will also be amended to reduce the maximum credit amount to $350,000.

There are 45.0621 mills available for capture, with school millage equaling 24 mills (53%) and local millage equaling 21.0621 mills (47%). The recommended tax capture breaks down as follows:

School tax capture (53%)	$ 174,107
Local tax capture (47%)	$ 152,793
TOTAL	**$ 326,900**

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $326,900, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $174,107. Staff also recommends an additional two (2) years from the date of Resolution #2005-81 to complete the approved eligible activities.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee has reviewed requested amendment for the City of Grand Rapids Brownfield Redevelopment Authority's 2 East Fulton, LLC project and recommends approval.

Hearing no further discussion, motions were made and supported, and Resolution 2008-46 authorizing an amendment to Resolution 2005-81, for the City of Grand Rapids Brownfield Redevelopment Authority's 2 East Fulton, LLC Redevelopment Project, was adopted.

ACTION ITEM

Comcast of Willow Grove, Inc.

Peter Anastor described the amendment request for the board. On September 20, 2005, Comcast of Willow Grove, Inc., was a awarded an Employment Credit of 100 percent for twelve consecutive years, beginning no later than the Company's tax-year ending December 31, 2006. The MEGA and Comcast of Willow Grove, Inc. entered into the Tax Credit Agreement on October 14, 2005, which reflected the December 31, 2006 year-end date as the first year the credit could be collected as passed in the Resolution. However, both parties understood that the Anniversary Date was March 31, 2007, making the first possible year-end date that the company could take the credit as December 31, 2007.

Both Resolution 2005-69 and the Credit Agreement show December 31, 2006 as the first year date the credit can be claimed. This is an error in year ending, and by amending the resolution, we are correcting what both parties intended, which is for Comcast of Willow Grove, Inc. to begin collecting their Employment Credit with the year ending December 31, 2007.

Recommendation

The Michigan Economic Development Corporation recommends that the Resolution be amended to reflect the first year the credit is to be collected as December 31, 2007. No other changes will occur with respect to the number of years or percentage of credit.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed amendment for Comcast of Willow Grove, Inc., and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-47, authorizing the amendment to Resolution 2005-69 for Comcast of Willow Grove, Inc., was adopted.

ACTION ITEM

Dearborn Group, Inc.

Peter Anastor described the amendment request for the board. On November 30, 2007, Dearborn Group, Inc., was a awarded an Employment Credit of 100 percent for five consecutive years, beginning no later than the Company's tax-year ending December 31, 2007. The Company entered into the Tax Credit Agreement with the MEGA on December 21, 2007. The Tax Credit Agreement was amended on March 27, 2008, due to the transition from the SBT to the MBT, reflecting the correct Anniversary Date of December 31, 2009.

The original application submitted by the Company reflected a base Michigan employment number of 41, and both the Resolution, 2007-91, and Tax Credit Agreement also reflected a base number of 41. However, in April 2008, after reviewing the Anniversary Date Amendment, the Company realized the error and submitted a letter requesting that the base employment number be reduced to 31. In the letter, the Company stated that during the application period, they were undergoing employee changes in their accounting department and the headcount of 41 was incorrect, because it included Indiana facility, part-time and contractual employees.

Recommendation

The Michigan Economic Development Corporation recommends that Resolution 2007-91 be amended to reflect the base employment of 31 Michigan employees rather than 41. All other items in the Resolution, Tax Credit Agreements, and Amendments remain in full force.

Board Discussion

Bo Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed amendment for Dearborn Group, Inc., and recommends approval.

Hearing no further discussion, a motion was made and supported, and Resolution 2008-48, authorizing the amendment to Resolution 2007-91 for Dearborn Group, Inc., was adopted.

The meeting was adjourned at 11:58 a.m.

The next board meeting is scheduled to take place on June 17, 2008.