

ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on June 13, 2006, at 10:00 a.m.

Members Present

Jim Epolito

Bo Garcia

Sande-Bain MacLeod

Faye Nelson

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

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

Robert Swanson

Others Present

Karen Ammarman, MEDC

Peter Anastor, MEDC

Ed Bayer, City of Warren

Jared Belka, MEDC

Tiffany Bloom, MEDC

Joe Borgstrom, MSHDA

Toni Brownfield, MEDC

John Byl, Warner, Norcross & Judd

Lisa Dancsok, MEDC

Deb Dansby, MEDC

Jim Donaldson, MEDC

John Jacobson, Schooner Pointe

Fabian Knizacky, Mason County

Carol Knobloch Johns, MEDC

George Korthauer, City of Petoskey

Jim Linton, AKT Peerless

Leah Maher, MEDC

Frank Marshall, Atwell-Hicks, Inc.

Paul McGraw, Bicycle Factory

Joe Moch, Moch International

Rick Moffat, Petoskey Pointe

Mark Morante, MEDC

Kevin Morrow, DKM Holdings

Susan Novakoski, MEDC

Nate Pilon, MEDC

Mike Pohnl, MEDC

Todd Radashaw, Schooner Pointe

Matthew Rick, Attorney General's Office

Greg Ripley, Virchow Krause & Company

Tim Robinson, Washtenaw Development Council

Jeff Sand, MEDC
Susan Shannon, City of Grand Rapids
John Shea, City of Ludington
Mike Shore, MEDC
Predrag Sukovic, Xoran Technologies
Vern Taylor, MEDC
Mike Uzelac, Lake Street Petoskey Associates
Jacqueline Vestevich, Xoran Technologies
Jim Wilson, Lake St. Petoskey Assoc., LLC
Kara Wood, MSHDA

Call to Order

Robert Swanson called the meeting to order at 10:05 a.m.

Approval of Minutes from May 16, 2006

After review, a motion was made, supported and carried that board meeting minutes from the May 16, 2006 meeting be adopted

Public Comment

There was no public comment.

ACTION ITEM

*Smurfit-Stone Container Enterprises, Inc.
8182 Maryland Avenue
St. Louis, Missouri 63105*

Jim Donaldson introduced Chris Broome from Smurfit-Stone Container Enterprises and Kevin Korpi with Michigan Forest Products Council. Smurfit-Stone operates a paper mill located in Ontonagon, which manufactures containerboard roll stock that is used by other companies to manufacture corrugated containers and other paper packaging products. This mill is one of the largest employers in the western end of the Upper Peninsula.

The company's job retention project would include over \$5 million investment in pollution control technology that will allow the company to continue to use coal in its processes and reduce the cost per ton of containerboard roll stock. Additional investment will include over \$700,000 in other upgrades to the facility. This project would retain up to 235 jobs at the Ontonagon facility. Retained jobs at the facility will have an average weekly wage of \$1057.

It is estimated that this facility will retain or generate a total of 411 jobs in the state by the year 2017. Total state government revenues through the year 2017, would be increased by \$13.9 million due to the presence of this facility.

Smurfit-Stone has a facility in Florida that has excess capacity to produce containerboard. The cost per ton to produce this product at the Florida facility is considerably less due to reduced payroll costs because of the higher efficiency of the Florida operation. In addition, tax costs are lower in Florida.

The City of Ontonagon has proposed a 12 year, 50 percent PA 198 tax abatement for any personal property tax related to this project. The majority of equipment being installed is for pollution control and is eligible for a 100 percent abatement of property taxes.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 235 retained employees.

Because this credit is for retention of jobs, it will be subject to a repayment penalty as required by Public Act 24 of 1995 as amended, if the company does not meet the requirements outlined in the MEGA tax credit agreement.

Board Discussion

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

Hearing no further discussion, a motion was made and supported and Resolution 2006-31, authorizing a MEGA job retention tax credit for Smurfit-Stone Container Enterprises, Inc., was adopted.

ACTION ITEM

*Xoran Technologies, Inc.
309 North First Street
Ann Arbor, Michigan 48103*

Founded in 2001, Xoran has progressed from product concept to an extremely successful business enterprise, developing and manufacturing revolutionary compact CT scanners. Unlike the massive and expensive, full-body CT scanners designed for myriad applications, Xoran's CT scanners are specifically designed to meet the particular needs of medical specialists. Xoran's groundbreaking, small footprint CT scanners are ideally suited for in-office or on-site use, giving physicians complete control over the timing and quality of their scans. Xoran's CT scanners generate immediate, digitally versatile CT images, allowing physicians to accelerate patient

diagnosis and treatment, and keep scanning revenue in their practice. Through innovative research, development, and marketing, Xoran is currently the only company to provide the medical community with small, upright CT scanners.

Predrag Sukovic and Jacqueline Vestevich from Xoran Technologies were introduced to the board, along with Tim Robinson with the Washtenaw Development Council and Greg Ripley from Virchow Krause & Company. Mr. Sukovic explained the company's product and their request for tax credit. Xoran's current product is the Mini-CAT, used by ear, nose and throat physicians. The Mini-CAT is now being marketed throughout the country with incredible success, putting Xoran in the position of needing to expand. Assuming Xoran receives the proposed assistance from the State of Michigan, the proposed expansion will occur in Ann Arbor.

The investment that is proposed at this time is for the expansion and renovation of leased facilities, as well as computers and other equipment that would primarily be used in the research and development of future CT applications. The total number of new jobs to be added by Xoran through 2010 as a result of this project is 171. The average weekly wage is estimated, conservatively, to be approximately \$1,400.

Total capital investment for the project would be approximately \$3.7 million, including \$2.5 million for in lease payments over the next eight years and \$300,000 in leasehold improvements. The remaining \$925,000 will be used investing in new computers and other related equipment.

It is estimated that this facility will generate a total of 386 jobs in the state by the year 2016. Total state government revenues through the year 2016, would be increased by \$15.2 million due to the presence of this facility.

Xoran Technologies also considered locating their expansion in Augusta, Georgia. Because of the wide range of medical facilities in Augusta, Georgia, it would make sense for the product to be developed in an area where it could be more widely used. In addition, one of the company's partners, as well as the President and CEO of Xoran, is from Serbia. A great deal of consideration was given to locating at least a portion of the project in Serbia if Michigan was not able to assist with the project.

The City of Ann Arbor has offered a 50 percent PA 198 tax abatement for the personal property tax on leasehold improvements and other personal property related to this project for five years. The estimated value of this abatement is \$31,990. Final tax abatement approval was given by the Ann Arbor City Council in April.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 171 net new employees.

Board Discussion

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

Hearing no further discussion, a motion was made and supported and Resolution 2006-32, authorizing a high-tech MEGA tax credit for Xoran Technologies, Inc., was adopted.

ACTION ITEM

*Lake Street Petoskey Associates, LLC
31811 Middlebelt Road, Suite 202
Farmington Hills, Michigan 48331*

Joe Borgstrom from Michigan State Housing Development Authority (MSHDA) discussed the project and introduced Rick Moffat, Jim Wilson and Mike Uzelac with Lake Street Petoskey Associates, and George Korthauer from the City of Petoskey. Mr. Uzelac explained the project to the board. Lake Street Petoskey Associates, LLC will demolish the existing buildings on Block 48 of downtown Petoskey and construct a hotel/conference center/condominium project. This vacant, deteriorating, and contaminated property on US 31 is a deterrent to visitors entering downtown. This project will consist of 102 hotel rooms, 4,563 square feet of conference space and 20,638 square feet of retail/ commercial space. Also, there will be 185,000 square feet designated for 67 condominium units. There will be a parking deck with 393 spaces (193 spaces for downtown users) and 15,000 square feet for Northwestern Bank.

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

The unadjusted unemployment rate in Emmet County was 10.7% in April 2006. This compares to the statewide seasonally adjusted average of 7.2% in April 2006.

Up to 45 full time jobs will be the result of Northwestern Bank's new facility. There will be an additional 70 full time jobs for the restaurant, hotel and condo association for a total of 115 full time jobs.

The developer has been working with the Michigan Department of Environmental Quality (MDEQ) and will be submitting a Work Plan to the MDEQ for due care activities in the amount of \$463,500. In addition, the MEDC will support consideration of a \$1 million CDBG award to the City of Petoskey for public infrastructure related to the project

The eligible investment to be undertaken by Lake Street Petoskey Associates, LLC includes the following:

Demolition	\$ 230,000
Site Improvements	950,000
New Construction	+ 46,243,800
Project Total	\$ 47,423,800

The property, formerly used for commercial purposes, is a facility. The project is not located within the boundaries of a qualified local governmental unit, however the MEGA board is allowed to approve up to three projects not located within a qualified local governmental unit. Up to this point, the MEGA board has approved one of those three projects. The project is the subject of a brownfield plan approved by the Emmet County Brownfield Authority on February 9, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of a MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed a \$4,500,000 credit.

Board Discussion

Faye Nelson gave the report on behalf of the Executive Committee. The committee has recommended support of the company's request for a MEGA Brownfield SBT tax credit.

Peter Anastor discussed the fact that the project must meet environmental remediation requirements under the Natural Resources and Environmental Protection Act, and that MDEQ must determine that these requirements are met. Approval will be contingent on this MDEQ determination.

Jim Epolito asked how long it would take to complete the project. The answer is 22 months.

Hearing no further discussion, a motion was made and supported and Resolution 2006-33, authorizing a MEGA Brownfield redevelopment tax credit for Lake Street Petoskey Associates, LLC, was adopted.

ACTION ITEM

*City of Grand Rapids Brownfield Redevelopment Authority
300 Monroe NW
Grand Rapids, Michigan 49503
Bicycle Factory, LLC*

Paul McGraw, the developer for the project, was introduced to the board, along with

Susan Shannon from the City of Grand Rapids and John Byl with Warner, Norcross & Judd. Mr. McGraw presented the project to the board.

This building, constructed in the late 1800s, will be completely renovated into a combination of commercial/office use and residential housing with surface parking. The project is located in the downtown area of the city and is in close proximity to Grand Valley State University. This building consists of 40,000 total square feet of which 12,000 square feet will be commercial on the first floor with the additional 28,000 square feet designated as residential for 20 apartments on the second and third floors.

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

It is estimated that the project will create up to five new jobs based on the commercial/office space. The City of Grand Rapids unadjusted unemployment rate was 7.7% in April 2006. This compares to the statewide seasonally adjusted average of 7.2% in April 2006.

The developer is seeking approval of a Brownfield Single Business Tax Credit in the amount of \$370,625.

There are 44.5613 mills available for capture with school millage equaling 23.8258 (54%) and local millage equaling 20.7355 (46%). The recommended tax capture breaks down as follows:

School Tax Capture (54%)	\$180,225
Local Tax Capture (46%)	<u>+153,525</u>
Total	\$333,750

Project Costs:

Demolition	\$208,520
Site Preparation	18,480
Infrastructure Improvements	+ <u>58,000</u>
Sub-total	\$285,000
Contingency (15%)	42,750
MEGA Work Plan Review	1,000
Work Plan Preparation	+ <u>5,000</u>
Total	\$333,750

The project is located within the City of Grand Rapids, a qualified local governmental unit, and has been deemed a facility. The property is the subject of a brownfield plan duly approved by the City of Grand Rapids on May 9, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$180,225 based on the eligible activities totaling \$333,750 described above.

Board Discussion

Faye Nelson gave the report on behalf of the Executive Committee. The committee has recommended support of the request for tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-34, authorizing the City of Grand Rapids Brownfield Redevelopment Authority to capture school operating taxes for the Bicycle Factory redevelopment project, was adopted.

ACTION ITEM

*City of Grand Rapids Brownfield Redevelopment Authority
300 Monroe NW
Grand Rapids, Michigan 49503
Moch International, LLC*

Joe Borgstrom introduced Joe Moch with Moch International. Susan Shannon from the City of Grand Rapids assisted with the presentation and conveyed community support. Mr. Moch discussed the project for the board. The proposed development consists of constructing a 171 unit apartment building that includes parking and other amenities. The building will be four stories. It will include sub-level parking and will be 175,281 square feet in size. Of that, 135,197 square feet is planned for residential space with the remaining 40,084 square feet designated for office, a conference room, weight room and corridors. The development also involves re-surfacing, new curb/gutter and sewer improvements.

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

The project will raise both income and property taxes and rejuvenate the historically industrial corridor with a new structure of substantive size, and facilitate living in the downtown area.

The developer is seeking approval of a Brownfield Single Business Tax Credit in the amount of \$1 million and will be making \$15,562,262 private investment.

There are 44.5613 mills available for capture with school millage equaling 23.8258 (54%) and local millage equaling 20.7355 (46%). The recommended tax capture breaks down as follows:

School Tax Capture (54%)	\$398,353
Local Tax Capture (46%)	+339,337
Total	\$737,690

Project Costs:

Demolition	\$ 50,000
Site Preparation	271,000
Infrastructure Improvements	+ 319,600
Sub-total	\$640,600
Contingency (15%)	96,090
MEGA Work Plan Review	+ 1,000
Total	\$737,690

The project is located within the City of Grand Rapids, a qualified local governmental unit and has been deemed a facility. The project is the subject of a brownfield plan, duly approved by the City of Grand Rapids on May 1, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$398,353 based on the total eligible activities of \$737,690 described above.

Board Discussion

Faye Nelson gave the report on behalf of the Executive Committee. The committee has recommended support of the request for tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-35, authorizing the City of Grand Rapids Brownfield Redevelopment Authority to capture school operating taxes for the redevelopment project by Moch International, LLC, was adopted.

ACTION ITEM

*Mason County Brownfield Redevelopment Authority
5300 West US-10
Ludington, Michigan 49431
Pere Pointe Village*

Joe Borgstrom introduced John Shea from the City of Ludington, Fabian Knizacky from Mason County, and Dan Diephuis with Pere Pointe Village. Pere Pointe Village plans to develop a former industrial and commercial site into a residential development. The property consists of 10.92 acres of private land located at 102 South Washington Avenue in the City of Ludington. The plan is to construct three, five-story, multi-family structures. The footprint of each building will be approximately 10,800 square feet.

Each structure will contain 40 residential units, resulting in a total of 120 condominiums. A two story parking structure will also be constructed to provide over 250 parking spaces to the residents.

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

Approximately six full-time jobs and six part-time jobs will be created for this project. Jobs include leasing agents, property managers, and maintenance staff. Four of the jobs are expected to be professional and eight will be blue-collar positions. Additionally, many temporary construction jobs will be created.

The Mason County unadjusted unemployment rate was 7.7% in December 2005. This compares to the statewide seasonally adjusted average of 6.7% in December 2005.

The developer is seeking approval of a Brownfield Single Business Tax Credit in the amount of \$1 million for this project. They are also pursuing a MDEQ 381 work plan, including both state and local tax capture, for \$760,000.

There are 55.3983 mills available for capture with school millage equaling 24 (43%) and local millage equaling 31.3983 (57%). These projections are based on the assumption that no homestead exemptions will be exercised on this project. The recommended tax capture breaks down as follows:

School Tax Capture (43%)	\$200,883
Local Tax Capture (57%)	<u>+266,287</u>
Total	\$467,170

Project Costs:

Demolition	\$ 44,850
Site Preparation	258,000
Infrastructure Improvements	<u>+ 159,320</u>
Sub-total	\$ 462,170
Work Plan Preparation	4,000
MEGA Work Plan Review	<u>+ 1,000</u>
Total	\$ 467,170

The project is located within boundaries of the City of Ludington, a qualified local governmental unit, and has been deemed a facility. The property is the subject of a brownfield plan duly approved by the Mason County Brownfield Redevelopment Authority on May 18, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$200,883 based on eligible activities totaling \$467,170 described above.

Board Discussion

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

Hearing no further discussion, a motion was made and supported and Resolution 2006-36, authorizing the Mason County Brownfield Redevelopment Authority to capture school operating taxes for the Pere Pointe Village redevelopment project, was adopted.

ACTION ITEM

*Mason County Brownfield Redevelopment Authority
5300 West US-10
Ludington, Michigan 49431
Schooner Pointe*

John Byl with Warner, Norcross & Judd and John Shea from the City of Ludington were reintroduced, along with Todd Radashaw and John Jacobson with Schooner Pointe. Messrs Radashaw and Jacobson discussed the project. The property is located at 106 and 202 Laura Street and consists of 7.81 acres. The property has been vacant since the 1990s. There are remnants of old docks from prior use that pose a redevelopment issue. Additionally, there is a large concrete structure that will need to be demolished.

The property will be redeveloped into 115 residential condominium units with an associated pool, club house and docks. The units will average 1,200 square feet each and the club house will be approximately 1,500 to 1,800 square feet.

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

This project will turn this vacant eyesore into an attractive area and will provide housing for the community. This project will also result in an increase in the city's tax base.

The Mason County unadjusted unemployment rate was 7.7% in April 2006. This compares to the statewide seasonally adjusted average of 7.2% in April 2006.

The developer is seeking approval of a Brownfield Single Business Tax Credit in the amount of \$1 million.

Assuming all the condos in this project are non-homestead properties, there are 55.3983 mills available for capture with school millage equaling 24 (43%) and local millage equaling 31.3983 (57%). The recommended tax capture breaks down as follows:

School Tax Capture (43%)	\$1,148,560
Local Tax Capture (57%)	<u>+1,522,510</u>
Total	\$2,671,070

Since this project is a residential project, some of these properties could be homestead properties. If any of the property is classified as homestead, then the amount of school tax capture would be reduced due to the removal of capture of the 18 mills for school operating purposes.

Project Costs:

Demolition	\$ 191,716
Site Preparation	906,763
Infrastructure Improvements	<u>+1,218,973</u>
Sub-total	\$2,317,452
Contingency (15%)	347,618
MEGA Work Plan Review	1,000
Work Plan Preparation	<u>+ 5,000</u>
Total	\$2,671,070

The project is located within the City of Ludington, a qualified local governmental unit as defined, and has been deemed a facility. The property is the subject of a brownfield plan duly approved by the Mason County Brownfield Redevelopment Authority on April 11, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of the school tax capture not to exceed \$1,148,560 based on eligible activities totaling \$2,671,070 described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The committee recommended support of the requested school tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-37, authorizing the Mason County Brownfield Redevelopment Authority to capture school operating taxes for the Schooner Pointe redevelopment project, was adopted.

ACTION ITEM

*City of Warren Brownfield Redevelopment Authority
29500 Van Dyke Avenue
Warren, Michigan 48093
DKM Holdings, LLC (Warrior Lacrosse) project*

Kevin Morrow, DKM Holdings, LLC, and Ed Bayer from the City of Warren were introduced and described the project. Warrior Lacrosse, a Warren based manufacturer of lacrosse and hockey equipment has outgrown their current facility and needs to expand. DKM Holdings, LLC, a real estate holding company with ownership ties to Warrior Lacrosse, is proposing to redevelop a contaminated site and construct a new 116,000 square foot building which will be used by Warrior Lacrosse for manufacturing, warehousing/distribution and offices. A phase two addition will potentially add another 87,200 square feet. The total cost of the project is expected to be \$14.6 million and the project will lead to the retention of 65 jobs and the creation of up to 90 new jobs. The new jobs will pay approximately \$14.50 per hour, on average.

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

The property is a former landfill used by the City of Detroit to dispose of incinerator ash and quantities of glass, wood, plastic and cement from approximately 1930 to sometime in the 1960's. The property is contaminated with metals, including arsenic, chromium and lead in both the soil and groundwater. Due to the condition of the site, approximately \$276,000 will be needed for due care activities.

Warrior Lacrosse will be moving from their existing property in Warren when they occupy the new facility. Discussions are currently taking place with the City of Warren to convert the existing property into an indoor sports arena for soccer, lacrosse, etc.

In addition to the MEGA TIF request, the City of Warren has proposed 50 percent abatement of the company's new real and personal property for 12 years. The abatement is expected to be finalized on June 27, 2006. Further, DKM Holding and Warrior Lacrosse are also seeking a Brownfield SBT credit equal to \$620,000 for the phase I investment.

This site is located in a DDA and a TIFA district, so local mills available for capture are limited to community college and intermediate school district mills. The project will also receive a PA 198 property tax abatement, which impacts the mills available for capture for the initial 12 years of the project. During the tax abatement period, a total of 17.1821 mills are available for capture, with school millage equaling 15 mills (87%) and local millage equaling 2.1821 mills (13%). After the tax abatement ends, a total of 28.3642 mills are available for capture, with school millage equaling 24 mills (85%) and local millage equaling 4.3642 mills (15%).

The overall recommended tax capture breaks down as follows:

School tax capture	\$ 1,841,509 (85%)
Local tax capture	<u>\$ 329,941 (15%)</u>
TOTAL	\$ 2,171,450

Cost of MEGA Eligible Activities:	
Site Preparation	\$ 1,883,000
Contingency (15%)	\$ 282,450
Work Plan Preparation	\$ 5,000
MEGA Review Cost	\$ 1,000
TOTAL	\$ 2,171,450

The project is a facility and located within the boundaries of the City of Warren, a qualified local governmental unit. The property is the subject of a brownfield plan, duly approved by the City of Warren on April 25, 2006.

Recommendation

The Brownfield Redevelopment staff recommends approval of school tax capture not to exceed \$1,841,509 based on eligible activities totaling \$2,171,450 described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The committee recommended support of the requested school tax capture.

Hearing no further discussion, a motion was made and supported and Resolution 2006-38, authorizing the City of Warren Brownfield Redevelopment Authority to capture school operating taxes for the DKM Holdings/Warrior Lacrosse redevelopment project, was adopted.

ACTION ITEM

*Faurecia USA Holdings, Inc.
543 Matzinger Road
Toledo, Ohio 43612*

In March of 2005, the MEGA authorized an Employment Tax Credit to Faurecia Interior Systems USA, Inc. to lease and equip a new facility to manufacture door panels and other interior components for the automotive industry in Sterling Heights. The MEGA subsequently allowed the company to do the project in Fraser rather than Sterling Heights.

Faurecia Interior Systems USA, Inc. was merged into Faurecia Interior Systems, Inc. on December 31, 2005. Karen Ammarman presented the company's request for an amendment to transfer its tax credit.

The base employment level was originally set at 671 and was made up of employees at several related entities, including Faurecia Interior Systems, Inc. Employment at those entities, excluding the Fraser project, had risen to 750 at the time of the merger. The

base employment level will be reset at 750 to include the organic growth that has taken place at the related companies.

Recommendation

Staff is recommending that the Faurecia Interior Systems USA, Inc. credit be transferred to Faurecia Interior Systems, Inc. effective December 31, 2005, and that the base employment level be adjusted accordingly.

Board Discussion

Faye Nelson, on behalf of the Executive Committee, which has evaluated the company's request, recommended its approval.

Hearing no further discussion, a motion was made and supported and Resolution 2006-39, authorizing an amendment to transfer the MEGA tax credit to Faurecia Interior Systems, Inc., was adopted.

ACTION ITEM

*City of Southfield Brownfield Redevelopment Authority
26000 Evergreen Road
Southfield, Michigan 48037
Southfield Downs Mobile Home Park amendment*

This board approved capture of school operating taxes for the City of Southfield for this redevelopment project last December. Vern Taylor discussed the need for an amended resolution with the board.

The tax capture for the project was previously split three ways as follows:

Residential portion = 96% of total project:

School tax capture	\$ 728,357 (18%)
Local tax capture	\$ 3,257,271 (82%)
	<u>\$ 3,985,628</u>

Commercial portion = 4% of the total project:

School tax capture	\$ 71,060 (43%)
Local tax capture	\$ 95,008 (57%)
	<u>\$ 166,068</u>

Total tax capture:

Total School tax capture	\$ 799,417 (19%)
Total Local tax capture	\$ 3,352,279 (81%)
	<u>\$ 4,151,696</u>

This amendment is to add the 19.6325 mills school operating mills to both the residential and commercial portions of the project.

There are 25.6325 school mills and 26.323 local mills available for capture for a total of 51.9555 mills. The city's homestead tax and non-homestead tax mills are the same rate. Consequently, the tax capture ratio for the residential and commercial portion of the project is the same, 49% school to 51% local taxes. A portion of the project site is located in the Southfield School District and a smaller portion is located in the Birmingham School District. Discussions are currently underway, which are expected to result in school district boundaries being redrawn so that the entire project site will be in the Southfield School District. This would result in the tax capture breaking down as follows:

Total School tax capture	\$ 2,034,331 (49%)
Total Local tax capture	<u>\$ 2,117,365 (51%)</u>
	\$ 4,151,696

Project Costs:

Demolition	\$ 750,000
Site Preparation	\$2,859,301
Work Plan Preparation	\$ 1,000
Contingency (15%)	<u>\$ 541,395</u>
Total	\$4,151,696

Discussion was heard with regard to this request. Neither the project costs nor the amount projected for eligible activities has changed.

Recommendation

The Michigan Economic Development Corporation recommends approval of school tax capture subject to available operating mills of approximately \$2,034,331 based on eligible activities totaling \$4,151,696, as described above.

Board Discussion

Faye Nelson gave the Executive Committee report. The Executive Committee has reviewed this request for amendment and recommends support.

Vern discussed language in the Resolution that discusses changes that increase the difference in the school tax to local tax capture ratio. Any change in millage that increases the difference in that ratio by more than 10 points must be approved by the MEGA board.

Hearing no further discussion, a motion was made and supported and Resolution 2006-40, which supersedes Resolution 2005-100 of December 20, 2005, and allows for changes in the tax capture ratio for the City of Southfield for its Southfield Downs Mobile Home Park redevelopment project, was adopted.

The meeting was adjourned at 10:35 a.m.