

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 August 14, 2007 at 10:00 a.m.

Members Present

Keith Cooley

Jim Epolito

Baldomero Garcia

Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached)

Faye Alexander Nelson

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

Call to Order

Jim Epolito called the meeting to order at 10:30 a.m.

Approval of Minutes from May15, 2007

After review, a motion was made, supported and carried that board meeting minutes from the June 19, 2007, meeting be adopted.

Public Comment

There was no public comment.

ACTION ITEM

*Bolton & Associates, LLC
3000 Town Center Drive, Suite 750
Southfield, Michigan, 48075*

Amy Banninga introduced John Jacobson, Sarah Mills, and Anne Sinelli with Bolton & Associates, LLC. Mr. Jacobson described the company for the board. Bolton & Associates, LLC is a highly technical civil engineering, land planning and surveying firm with an excellent reputation for quality performance. Bolton & Associates, LLC offers civil engineering, surveying, landing planning, builder, construction, and environmental planning services. Bolton Latham was founded in Waldorf, Maryland in 1999, with three employees. By 2005, the company moved to La Plata, Maryland, changed its names to Bolton & Associates, LLC and had over 50 employees. Today the company is headquartered in La Plata, Maryland with a branch office in Southfield, Michigan. Bolton & Associates, LLC employs over 65 associates, and currently employs 12 associates in Southfield.

Ms. Katz-Freeman discussed the local contribution for the board. The City of Southfield has proposed and will consider a 100% abatement of the company's new personal property taxes under PA328 for three years at its August 27 council meeting. The estimated value of this abatement is \$27,000.

Amy Banninga provided information about the project for the board. Bolton & Associates is considering expanding operations in Michigan or supporting growth in a different branch office to be located in Charlotte, North Carolina. To support Bolton's growth, the company will hire up

to 150 associates over the next five years, paying an average weekly wage \$1,012. Bolton will invest approximately \$1 million in personal property to support this proposed expansion.

It is estimated that this facility will create a total of 300 jobs in the state by the year 2014. It is also estimated that the project would increase total state government revenues through the year 2014, by \$5 million due to the expansion of this operation.

Bolton & Associates will be opening a branch office in Charlotte, North Carolina, where they could support their growth. When comparing the Michigan and North Carolina locations, the company estimates that wage rates in North Carolina are significantly lower.

The MEDC is offering an Economic Development Job Training (EDJT) grant to update worker skills. The MEDC will provide \$1,000 per job for up to 50 jobs toward the company's training needs. The total value of this incentive is up to \$50,000.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for seven years, for up to 150 net new employees.

Board Discussion

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

Matthew Rick mentioned that a new Resolution template that includes language addressing the Michigan Business Tax is now in place.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-59, authorizing a MEGA tax credit for Bolton & Associates, LLC, was adopted.

ACTION ITEM

*Caraco Pharmaceutical Laboratories, Ltd.
1150 Elijah McCoy Drive
Detroit, Michigan, 48202*

HISTORY OF COMPANY:

Amy Banninga introduced Daniel H. Movens with Caraco Pharmaceutical Laboratories, Ltd. (Caraco), Kurt Brauer with Bodman LLP, as well as Kenyatta Bridges from Detroit Economic Growth Corporation. Mr. Movens described the company for the board. Caraco was established in Detroit in 1984 to manufacture generic pharmaceuticals for the United States and other markets. In 1991, it constructed a 70,000 square foot facility in Detroit's New Center Area, pursuant to a \$9.1 Million loan from the Economic Development Corporation of the City of Detroit. Caraco had its initial public stock offering in 1994, and began a significant expansion in 1997 when it entered into a technology transfer agreement with Sun Pharmaceutical Industries. Caraco continues to expand as the demand for generic pharmaceuticals increases, currently employing 598 associates at facilities in southeast Michigan.

Amy Banninga discussed the project for the board. Caraco has outgrown its existing manufacturing facility in the City of Detroit and has proposed a significant expansion of its

operations that will require an investment of \$14.5 million in new construction and machinery and equipment. As a result of this 140,000 square foot expansion, Caraco will create up to 598 new jobs in Detroit over the next five years, with average weekly wages of \$730.

It is estimated that this facility will create a total of 1,648 jobs in the state by the year 2017. It is also estimated that the project would increase total state government revenues through the year 2017, by \$40.7 million due to the location of this facility.

Caraco is also considering the area surrounding Charlotte, North Carolina, and areas of South Carolina. South Carolina has offered a generous incentive package, and the company would also benefit from lower wages and taxes in South Carolina.

The City of Detroit has approved a 100% abatement of the company's new personal property taxes under PA328 for the first five years, followed by a 50% abatement of new personal property taxes under PA198 for seven years. They have also approved a 50% abatement of new real property taxes for 12 years, which the State of Michigan has agreed to supplement with a 100% abatement of the State Education Tax over the same term. The estimated value of these abatements, coupled with personal property tax savings from the new Michigan Business Tax is \$5,704,000.

In addition to these abatements, MEDC staff is working with the Michigan Department of Labor and Economic Growth, Henry Ford Community College, Wayne State University and Detroit Michigan Works! to develop and implement a customized recruitment and training program for new and existing Caraco employees.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for ten years, for up to 598 net new employees.

Board Discussion

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

Hearing no further discussion, a motion was made and supported, and Resolution 2007-60, authorizing a MEGA tax credit for Caraco Pharmaceutical Laboratories, Ltd., was adopted.

ACTION ITEM

*Adaptive Materials, Inc.
4403 Concourse Drive, Suite C
Ann Arbor, MI 48108*

Steve Haakenson introduced Michelle Crumm and Matthew Hoffman with Adaptive Materials, Inc. (AMI) and Time Robinson, with Ann Arbor SPARK. Ms. Crumm described the company for the board. Founded in 2000, (AMI) has become the leader in the development of portable fuel cell technology. Leveraging its patented single step process in the manufacturing of micro-tubular fuel cells, AMI has been at the forefront of portable power innovation. AMI is the first company to develop, demonstrate and deliver a portable, affordable, and fuel flexible solid oxide fuel cell (SOFC) system.

Much of the development for this technology has been funded through the Defense Advanced Research Projects Agency (DARPA) and various other defense agencies as a way to help support the next generation of power sources for the United States Military. The results of these efforts have exceeded the military's expectations, resulting in additional opportunities.

Mr. Robinson discussed the local contribution for the board. Pittsfield Township has proposed local property tax abatement under Public Act 198 of 1974 for 12 years on new real property. This abatement has an estimated value of \$41,000.

Steve Haakenson discussed the project for the board. AMI is considering the relocation and expansion of their facility. They need to expand to a facility many times larger than their current 11,000 sq ft Pittsfield Township operation. The company will relocate its current R&D operations and pilot production to a larger leased facility, also located in Pittsfield Township.

As a result of this expansion, AMI anticipates making an investment of approximately \$2.8 million over the term of the lease and anticipates the creation of up to 100 new jobs with an average weekly wage of \$871.

It is estimated that this facility will create a total of 187 jobs in the state by the year 2014. Total state government revenues through the year 2014, by \$2.4 million due to the presence of this facility.

The company is also considering locating their operations to Columbus, Ohio. Higher wages in Michigan will cost the company approximately \$700,000 per year once the project is fully staffed. Ohio has also offered AMI a \$6M loan at 0% interest, with an additional \$6M loan at 3% interest.

In conjunction with this project, AMI was also awarded a \$6.3 million loan through the 21st Century Jobs Fund.

The proposed facility is a qualified high-technology business, whose primary business activity is alternative energy technology related to the development of a product, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology look back employment tax credit for seven years, for up to 100 net new jobs. Because of delays in the project development process, the Michigan Economic Development Corporation recommends that the Board authorize a look back agreement, which will allow the company to count new jobs created up to 120 days prior to the execution of the MEGA Agreement.

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. Ms. Crumm replied that they would be filling engineering and technical positions.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-61, authorizing a MEGA high technology look back tax credit for Adaptive Materials, Inc., was adopted.

ACTION ITEM

*HandyLab, Inc.
5230 South State Road, Suite 100
Ann Arbor, Michigan 48108*

Amy Banninga introduced Ted Springer and Kimberlee Kochan with HandyLab, Inc. as well as Tim Robinson, with Ann Arbor SPARK. Mr. Springer described the company for the board. HandyLab, Inc., a Delaware corporation, was founded in Ann Arbor, Michigan in 2000 based on technology exclusively licensed from the University of Michigan. The company is dedicated to the development, manufacture and sale of novel diagnostic products based on its patented and proprietary microfluidic, miniaturized real time PCR, and nucleic acid extraction technologies. HandyLab currently employs 33 full-time employees.

Mr. Robinson discussed the local contribution for the board. The Charter Township of Pittsfield has proposed and will consider a 50 percent abatement under PA 198 for 6 years for real and personal property at its August 28 board meeting. The estimated value of this abatement is \$75,000.

Amy Banninga provided additional information about the project for the board. HandyLab is moving from development to commercialization of its Jaguar system, a bench top nucleic acid testing system, and is considering manufacturing this product in Pittsfield Township located in Washtenaw County, Michigan. The operation will initially be a reconfiguration of some existing manufacturing space, but in 2008 and beyond, will require new space to meet production needs. HandyLab anticipates creating up to 56 new jobs over 5 years with average weekly wages of \$1,052. Total capital investment for this project is expected to be \$3 million.

It is estimated that this facility will generate a total of 138 jobs in the state by the year 2013. Total state government revenues through the year 2013, would be increased by \$3 million due to the presence of this facility.

HandyLab, Inc. currently uses a contract manufacturer located in Chanhassen, Minnesota, to manufacture its products. The company is considering maintaining its manufacturing in Minnesota or relocating it to their current Pittsfield Township operation. When comparing the Michigan and Minnesota locations, the company estimates that the cost of production in Minnesota is significantly lower than the wage rates they will pay in Michigan.

The company is a qualified high-technology business, whose primary business activity is medical device technology, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for seven years, for up to 56 net new employees.

Board Discussion

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

Hearing no further discussion, a motion was made and supported, and Resolution 2007-62, authorizing a MEGA high technology tax credit for HandyLab, Inc., was adopted.

ACTION ITEM

*Karl Schmidt Unisia, Inc.
34500 Grand River Avenue
Farmington Hills, Michigan 48335*

Amy Banninga introduced Paul Klapproth with Karl Schmidt Unisia, Inc. and Steve Cohens from the City of Auburn Hills. Mr. Lapproth described the company for the board. Karl Schmidt Unisia, Inc and its related entities are owned by Rheinmetall AG, a German company that traces its roots to a company founded in Berlin in 1909. The companies that will locate at the project site operate under the umbrella of Kolbenschmidt Pierburg AG (KSPG).

KSPG employs 45 individuals at a facility in Southfield, Michigan. These companies design and manufacture components for the automotive industry, including gasoline and diesel engine pistons, emission controls, air supply, throttle valves, solenoid valves, and oil, vacuum, and water pumps. Many of their engineering activities are focused on upgrading power density and reducing fuel consumption and emissions.

Mr. Cohens discussed the local contribution for the board. The City of Auburn Hills has proposed an eight year personal property tax abatement under PA198 of 1974. This abatement has an estimated value of \$147,600.

Amy Banninga provided information about the project for the board. KSPG is considering locating its high technology center in Auburn Hills. The high technology center will focus on the development of technologies to utilize alternative fuels and hybrid vehicles, and the development of products including prototype emissions components, and electric coolant pumps for hybrid vehicles. The company will relocate its current operation from Southfield to this expanded facility. KSPG anticipates making an investment of approximately \$11 million over the term of the lease.

The company anticipates the creation of 153 new jobs with an average weekly wage of \$1,668. Most of the positions will involve competitive edge technology related to the design, engineering and testing of advanced components for automotive engines.

It is estimated that this facility will generate a total of 353 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$7.2 million due to the presence of this facility.

The company is also considering existing company locations in Fort Wayne, Indiana and Fountain Inn, South Carolina as the site for the project. Although KSPG currently operates an engineering office in Michigan, the high technology center would essentially be a new operation of the applicant and its related companies. Higher labor costs in Michigan will add approximately \$1.4 million to annual operation costs once the project is fully staffed.

The company is a qualified high-technology business, whose primary business activity is engineering or laboratory testing related to the development of a product, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for eight years, for up to 153 net new employees.

Board Discussion

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

Hearing no further discussion, a motion was made and supported, and Resolution 2007-63, authorizing a MEGA high technology tax credit for Karl Schmidt Unisia, Inc., was adopted.

ACTION ITEM

*MediaSpan Group, Inc.
333 Jackson Plaza
Ann Arbor, MI 48103*

Steve Haakenson introduced Sam Buttigieg with MediaSpan Group, Inc. as well as Tim Robinson from Ann Arbor SPARK. Mr. Buttigieg described the company for the board. MediaSpan Group began operations in Ann Arbor in 1986 under the name Baseview. Baseview merged with a Florida based business, Harris Corporation, in the mid 1990's and was renamed MediaSpan Group. MediaSpan currently provides digital content management and online marketing solutions for leading media companies such as Reuters, Sun Media, Radio One, Scripps, Media General, ABC Radio and Gannett.

MediaSpan conducts most of its corporate functions out of Melbourne, Florida. Other locations include Santa Clemente, CA (online services) and New York City (network services). MediaSpan currently employs 96 full time associates at its Ann Arbor facility.

Mr. Robinson discussed the local contribution for the board. Scio Township has approved a local property tax abatement under Public Act 198 of 1974 for 12 years on new real and personal property. This abatement has an estimated value of \$89,000.

Steve Haakenson provided information about the project for the board. The company is considering relocating their headquarters and corporate functions to the Ann Arbor facility. The Ann Arbor office currently houses their software development functions, which are also expected to grow.

Over the first five years of the project, the company anticipates total capital investment of \$1.75 million to expand and equip their Michigan offices, and the creation of up to 82 new jobs with an average weekly wage of \$1,007.

It is estimated that this facility will create a total of 191 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$2.8 million due to the expansion of this facility.

The company is also considering an expansion of their Florida location or remaining in Raleigh, North Carolina, where its chief financial officer is currently located. Higher capital costs and wages in Michigan will cost the company approximately \$500,000 per year once the project is fully staffed.

The proposed facility is a qualified high-technology business, whose primary business activity is advanced computing technology used in the design and development of computer software and data communications, as defined in the Act.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent high technology look back employment tax credit for seven years, for up to 82 net new jobs. Because MEGA Board consideration was delayed due to the cancellation of the July board meeting, MEDC staff is recommending that the Board authorize a Look-Back credit so that the company can count new employees hired beginning July 16, 2007 toward its credit.

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. Buttigieg informed the board the company would be hiring software engineers.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-64, authorizing a MEGA high technology look back tax credit for MediaSpan Group, Inc., was adopted.

ACTION ITEM

Media Genesis, Inc.

Location Change Amendment

Amy Banninga discussed the amendment request for the board. On June 19, 2007, the MEGA adopted Resolution 2007-52 awarding Media Genesis, Inc. a high tech credit for relocating and expanding its video and audio consultative, design, and programming operation from Madison Heights to Royal Oak. The Company signed its MEGA Tax Credit Agreement on June 25, 2007.

At the time the MEGA approved Media Genesis's application for MEGA tax credits, the Company had anticipated purchasing and housing its project in an existing building at 916 North Main Street in Royal Oak. The City of Royal Oak had approved a reduction of \$45,742 to the selling price of city owned property adjacent to the project site, suitable for a company parking lot. The purchase of 916 North Main Street fell through and the Company was unable to locate another suitable building in Royal Oak. The company has found a building in Troy to house the project and is requesting an amendment to the terms of its tax credit to allow the revised project to go forward in the City of Troy rather than in Royal Oak.

Planned capital investment for the project remains the same at approximately \$3.75 million to rehabilitate and equip the facility. Job creation is expected to remain the same at 155 jobs.

The City of Troy will make landscaping, sidewalk and drive approach improvements to the proposed site at 1441 East Maple. In addition, Troy will complete the sidewalk system between Rochester Road and I-75. The sidewalk and landscape improvements will complement

improvements to the properties located on either side of this site. It is expected that the improvements will total approximately \$10,000.

Benefits to the state over the life of the credit are not expected to change due to the change in location.

Recommendation

The MEDC staff is recommending that the MEGA agree to Media Genesis, Inc.'s request to relocate its project to Troy. Based on its review of the proposed change to the project, the MEDC staff is satisfied that the change does not warrant a revision of the credit amount or duration.

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 2007-65, authorizing the relocation of Media Genesis, Inc.'s project to the City of Troy, was adopted.

ACTION ITEM

*Grand Rapids Brownfield Redevelopment Authority
Front Street Property, LLC
Grand Rapids, Michigan*

Joe Borgstrom introduced Joe Hooker with Christman Capital Development Company, John Byl with Warner Norcross & Judd, LLC, and Imelda Martinez from the City of Grand Rapids. Mr. Hooker described the project for the board. Front Street Properties, LLC will construct a new, three-story, 46,000 square foot commercial/office building above a two-story parking deck in the City of Grand Rapids.

The new building will house the expanded office of an existing downtown Grand Rapids company as well as offices for the Christman Company. The project will retain many existing jobs in the downtown area as well as create 50 to 75 new jobs with an average annual salary of \$45,000 to \$50,000. Total capital investment for the project is anticipated to be \$10.3 million.

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, and is the subject of a Brownfield Plan duly approved by the City of Grand Rapids on July 10, 2007.

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

The applicant will also be seeking a Brownfield SBT credit up to \$850,000. The City of Grand Rapids will also support interest reimbursement utilizing local only TIF capture. It is estimated that interest costs for this project are approximately \$53,604.

There are 44.7683 mills available for capture, with school millage equaling 23.8258 mills (53%) and local millage equaling 20.9425 mills (47%). The recommended tax capture breaks down as follows:

School tax capture (53%)	\$ 295,132
Local tax capture (47%)	\$ 259,418
TOTAL	\$ 554,550

COST OF MEGA ELIGIBLE ACTIVITIES:

Infrastructure Improvements	\$ 82,000
Site Preparation	+ 395,000
Sub-Total	\$ 477,000
Work Plan Preparation & Review	6,000
Contingency (15%)	+ 71,550
TOTAL	\$ 554,550

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$554,550, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$295,132.

Board Discussion

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

A letter was submitted by Robert C. Shaver with Rhoades Mckee PC, and given to the board to take under advisement.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-66, authorizing the capture of local and school operating taxes for the City of Grand Rapids Brownfield Redevelopment Authority for the Front Street Property, LLC redevelopment project, was adopted.

ACTION ITEM

*Ingham County Brownfield Redevelopment Authority
Ingham County Land Bank Fast Track Authority*

Joe Borgstrom introduced Eric Schertzing and Susan Pigg from Ionia County as well as Jim Linton with AKT Peerless Environmental Services. Mr. Borgstrom provided information about this project for the board. This project will redevelop and revitalize tax reverted property throughout Ingham County. The return of this property to productive use and the tax rolls will help to stabilize the neighborhoods where they are located. There are 139 properties that make up the Ingham County Land Bank’s initial plan for residential and commercial redevelopment. There are four commercial properties and the remaining properties are residential or “other” in nature. The major emphasis of the plan is for neighborhood and corridor revitalization. Activities and expenses will include one or more of the following for the properties: building demolition, site preparation, infrastructure improvements, lead and/or asbestos abatement,

environmental investigation and remediation, and eligible Land Bank Fast Track Authority expenses.

The redevelopment will include the renovation of approximately 14 existing homes and the construction of approximately 37 new homes. Most of the redevelopment will be in-fill construction in existing neighborhoods. In addition, two commercial properties will be redeveloped into commercial and mixed-use projects, which will require substantial investment by a private developer.

All of the properties are located within the boundaries of Ingham County and are owned or under control of the Ingham County Land Bank Fast Track Authority, making them “Eligible Property”. All the property is included in a Brownfield Plan duly approved by the Ingham County Board of Commissioners on July 24, 2007, with concurrence by each local governing body in which each property is located.

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

It is anticipated that the commercial redevelopments will lead to 30 to 50 new jobs, however at this time no defined job creation numbers are available. The unemployment rate (unadjusted) for the Ingham County was 6.2% in June 2007. This compares to the statewide seasonally adjusted average of 7.2% in June 2007.

The applicant will be financing a majority of the activities with issuance of a bond in the amount of \$2,065,000. The Ingham County Land Bank also anticipates seeking approval from the Department of Environmental Quality for school tax capture to repay approximately \$633,900 in environmental cleanup costs. In addition, the Land Bank will also fund \$384,000 of title clearance costs with local only tax capture.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 224,000
Asbestos and Lead Abatement	79,500
Infrastructure Improvements	178,600
Site Preparation	+ 245,000
Sub-Total	\$ 727,100
Work Plan Preparation	5,000
Bond Interest and Expenses	+ 589,818
Total	\$ 1,321,918

TAX CAPTURE BREAKDOWN:

The commercial portion of this project is estimated to generate 49.2% of the total tax capture and the residential portion of the project is estimated to generate 50.8% of the total tax capture. The tax capture breakdown is as follows:

RESIDENTIAL	
School tax capture (14%)	\$ 94,015
Local tax capture (86%)	+ 577,519
TOTAL	\$ 671,534

COMMERCIAL	
School tax capture (40%)	\$ 260,154
Local tax capture (60%)	+ 390,230
TOTAL	\$ 650,384

OVERALL	
Total School Tax Capture (27%)	\$ 354,169
Total Local Tax Capture (73%)	+ 967,749
TOTAL CAPTURE	\$ 1,321,918

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$1,321,918, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$354,169.

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 2007-67, authorizing the capture of local and school operating taxes for the Ingham County Brownfield Redevelopment Authority for the Ingham County Land Bank Fast Track Authority redevelopment project, was adopted.

ACTION ITEM

City of Owosso Brownfield Redevelopment Authority
 TiAL Products, Inc./Woodard Station Lofts
 Owosso, Michigan

Peter Anastor introduced Gregg Jones with TiAL Products, Inc. along with Philip Hathaway from the City of Owosso. Mr. Jones described the project for the board. TiAL Products, Inc. is a manufacturer of after-market automobile parts for high performance vehicles. TiAL Products will expand its manufacturing facilities located in the City of Owosso in a three phase development that is expected to take place over the next three to four years. The first phase involves a 13,000 square foot addition to their existing 23,000 square foot facility. This addition will house a foundry that will be used to manufacture castings that are currently being purchased from a supplier. The additional two phases will include the addition of two 22,500 square-foot buildings that will house additional manufacturing space and offices for the company. Private investment is expected to reach \$6 to \$8 million and the expansion will likely create 30-40 new jobs with wages ranging from \$13.50 to \$18.50 per hour and full benefits. This approval includes the eligible activities for phase II and III only.

The project is located within the boundaries of the City of Owosso, 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 City of Owosso City Council on June 4, 2007.

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

This developer has requested approval for an MDEQ TIF of \$145,062 and additional Local only TIF capture for items not reimbursed through the MEGA or MDEQ TIF. In addition, the City of Owosso will dedicate property sale revenues of \$23,000, a pending MDOT reimbursement for the closing of a rail crossing at \$25,000 and a Special Assessment from the neighboring property of \$14,500 for the Cass Street redevelopment. Other public incentives such as property tax abatements, both real and personal are awaiting public hearings. The developer will likely seek Brownfield SBT Credits once they are ready to move forward on the improvements scheduled for phase II and III.

There are 49.140 mills available for capture, with school millage equaling 23.726 mills (48%) and local millage equaling 25.414 mills (52%). The recommended tax capture breaks down as follows:

School tax capture (48%)	\$ 123,836
Local tax capture (52%)	\$ 134,156
TOTAL	\$ 257,992

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	\$ 19,400
Infrastructure Improvements	+ 204,941
Sub-Total	\$ 224,341
Contingency (15%)	+ 33,651
TOTAL	\$ 257,992

Recommendation

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling \$257,992, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$123,836.

Additionally, staff recommends removal of the “Cass Street Improvements” line item in the amount of \$200,000 (and contingency of 15% (\$30,000)) from the Woodard Station Lofts work plan dated September 19, 2006 that was approved by the MEGA Board on October 17, 2006 via resolution 2006-83. The City of Owosso Brownfield Redevelopment Authority submitted an amended work plan to exclude these line items from the Woodard Station Lofts work plan and include the revised activities under the TiAL Products, Inc. work plan.

Board Discussion

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

Hearing no further discussion, motions were made and supported, and Resolution 2007-68, authorizing the capture of local and school operating taxes for the City of Owosso Brownfield Redevelopment Authority for the TiAL Products, Inc. redevelopment project along with Resolution 2007-69, authorizing the amendment to Resolution 2006-83 for the Woodward Station Lofts project, were adopted.

The meeting was adjourned at 11:50 a.m.

The next board meeting is scheduled to take place on September 18, 2007.