

**MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD**  
**September 13, 2011**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, September 13, 2011, at the Michigan Economic Development Corporation, Lake Michigan Conference Room, 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** Andy Dillon, Cullen DuBose, Ruth Duquette [acting for and on behalf of John Nixon, designation letter attached], Tim Herman, Mike Jackson, Bill Martin, Jennifer Nelson [acting for and on behalf of Mike Finney, designation letter attached]

**MEMBERS ABSENT:** None

**CALL TO ORDER:** Ms. Nelson called the meeting to order at 10:10 a.m.

**APPROVAL OF MINUTES:** Ms. Nelson asked for a motion to approve the August 16, 2011 meeting minutes. **Mr. Martin made a motion for approval of the minutes. Ms. Duquette seconded the motion.** The motion carried – 5 ayes; 0 nays; 2 absent.

**PUBLIC COMMENT:** Ms. Nelson asked if there was any public comment. There was none.

**EXECUTIVE COMMITTEE REPORT:** Ms. Nelson asked Ms. Campbell if the Executive Committee had reviewed the projects on the agenda. Ms. Campbell replied affirmatively that the Executive Committee recommended approval of the agenda items being presented to the Board.

*Tim Herman arrived at 10:05 a.m.*

**PROPOSED HIGH-TECH MEGA CREDIT**

**Resolution 2011-111 – Hexagon Metrology, Inc.**

*Toni Brownfield, Manager, Business Development and Ken Murdoch, Portfolio and Packaging Analyst, provided background information and introduced the guest speakers: Tim Cronyn, Commercial Operations Manager, Hexagon Metrology, Inc.; Tony Nowicki, Assistant Manager, City of Wixom*

Ms. Brownfield introduced members of the Hexagon Metrology, Inc. team. Mr. Cronyn provided the Board with background information on the project. Headquartered in Rhode Island, the company produces equipment and software used to measure products in several industries worldwide. The company's business is changing in regards to the makeup of their customer base. The company plans to relocate to an existing facility in the City of Wixom that will accommodate this growth. Mr. Murdoch further informed the Board that the City of Wixom is supportive of this project and will consider a property tax abatement under P.A. 198. The abatement will be considered at a future date. The expected value of the local incentive will depend on the approved length of the abatement, as well as the assessed value of the property and other factors.

**Recommendation:** Staff recommends a 75% high technology employment tax credit for four years for up to 75 net new employees in the excess of the company's established base of 79.

**Board Discussion:** Ms. Campbell stated there were no contingences for this project. Ms. Nelson asked if there were any questions from the Board. Mr. Martin asked if it is likely the local tax abatement will pass. The response was that they were fairly confident. **Mr. Martin motioned approval for Resolution 2011-111. Mr. Jackson seconded the motion.** The motion carried – 6 ayes; 0 nays; 1 absent.

### **PROPOSED BROWNFIELD MBT CREDIT**

#### **Resolution 2011-112 – Lafayette Place Lofts**

*Stacy Esbrook, Program Specialist – Brownfield, provided background information and introduced the guest speakers: Kyle Westberg, Lafayette Place Lofts; Khalfani Stephens, City of Pontiac, Executive Director of Industrial and Commercial Development; Sarah Pavelko, ASTI Environmental, Brownfield Specialist.*

Ms. Esbrook advised the Board that the redevelopment includes mixed-income residential rental units and commercial and retail uses. Mr. Westberg provided information to the Board regarding the unique layout of the buildings, and multi-level entrances into the building from the front and rear will allow parking underneath one of the three structures with a total of 33,300 square feet. The development team anticipates a fresh food market and commercial gym leasing the 25,100 square feet of commercial and retail space. Ms. Esbrook further explained the project has received a conditional loan commitment from the Neighborhood Stabilization Program and loan funds from the Michigan Land Bank Fast Track Authority. The Michigan Magnet Fund has allocated New Market Tax Credits to this project. The City of Pontiac has approved local only tax reimbursement for eligible activities and the project has applied and is expected to receive a State Historic Tax Credit.

**Recommendation:** Staff recommends the designation of an Urban Development Area Project and approval of a 15% Brownfield MBT Credit.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Herman motioned approval of Resolution 2011-112. Mr. Martin seconded the motion.** The motion carried – 6 ayes; 0 nays; 1 absent.

*Andy Dillon arrived at 10:20 a.m.*

### **PROPOSED WORK PLAN**

#### **Resolution 2011-113 – City of Dearborn – Union at Dearborn**

*Stacy Esbrook, Program Specialist – Brownfield, provided background information and introduced the guest speakers: Larry Winokur, UrbCam Dearborn Associates; Barry Murray, City of Director; Bret Stuntz, AKT Peerless, Senior Project Manager*

Ms. Esbrook advised the Board that the City of Dearborn Brownfield Redevelopment Authority had submitted an Act 381 Work Plan request for the approval of local and school tax capture for MEGA eligible activities. Mr. Winokur further explained to the Board that the project will

redevelop vacated commercial office space. The project will adaptively reuse two obsolete buildings. One building will be adapted into a student-housing complex and the second into an activities center for residents and the general student population. In addition, a pedestrian bridge will be constructed which will connect the student residences to the main University of Michigan-Dearborn campus and will provide an alternative to vehicular transportation for new and existing students between the main and Fairlane campuses. Ms. Esbrook stated the project has requested the establishment of an obsolete property rehabilitation district [OPRA] and approval of the OPRA certificate. Also, the City of Dearborn is pursuing grants and/or financial assistance from other government authorities to pay for, in whole or in part, the cost of installing the pedestrian bridge. Should the grants/financial assistance not be obtained, tax increment revenue will not be captured for the cost of the pedestrian bridge covered by other government funds obtained for this purpose.

**Recommendation:** Staff recommends approval of local and school tax capture for MEGA eligible activities. Staff also recommends the approval of two additional years to complete eligible activities, for a total of 5 years, to allow the local government adequate time to pursue grants and/or other financial assistance for the pedestrian bridge.

**Board Discussion:** Ms. Campbell stated should the City be unable to obtain grants and/or other financial assistance for the pedestrian bridge, tax increment revenue will be captured for the cost of the bridge. Ms. Nelson asked if there were any questions from the Board. In response to Mr. Martin's questions, it was confirmed that the facility would be privately funded. While the owner plans to lease to University of Michigan Dearborn students, they are subject to Fair Housing laws if nonstudents wish to rent. **Mr. Martin motioned approval of Resolution 2011-113. Ms. Duquette seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 0 absent.

#### **Resolution 2011-114 – City of Hamtramck – 3300 Denton Redevelopment**

*Dan Wells, Program Specialist – Brownfield, provided background information and introduced guest speakers: Jason Friedmann, City of Hamtramck, Community and Economic Development Director; Bret Stuntz, Project Manager, AKT Peerless Environmental and Energy Services; Seth Krueger, Vice President of HR, Hamtramck Recycling, LLC; Gerald Krueger, Manager of HR, Hamtramck Recycling, LLC.*

Mr. Wells advised the Board the City of Hamtramck Brownfield Redevelopment Authority had submitted an Act 381 Work Plan request for the approval of local and school tax capture for MEGA eligible activities. Mr. Gerald Krueger provided the Board with an overview of the project. The project will demolish a vacant 52,500 square foot industrial building and will construct a new 32,000 square foot recycling and waste transfer station. The building has been deemed blighted by the City and unsuitable for reuse. Mr. Friedmann expressed the local support for this project and advised the Board of the possible approval of the establishment of a 12-year P.A. 198 as well as consideration for a P.A. 328. Mr. Wells summarized the project and stated the project is located within the boundaries of the City of Hamtramck, which is a Qualified Local Governmental Unit and has been deemed blighted by the City Council.

**Recommendation:** Staff recommends approval of local and school tax capture for the MEGA eligible activities.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Jackson motioned approval of Resolution 2011-114. Ms. Duquette seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 0 absent.

**Resolution 2011-115 – City of East Lansing – 2000 Merritt**

*Dan Wells, Program Specialist – Brownfield, provided background information and introduced the guest speakers: Steve Willobee, Community Development Manager, SME, Inc.; Diane Holman, Managing Member, Working Bugs, LLC; Tim Dempsey, Community Development, City of East Lansing.*

Mr. Wells stated the City of East Lansing Brownfield Redevelopment Authority has submitted an Act 381 Work Plan request for the approval of local and school tax capture. Ms. Holman further explained the project will redevelop two parcels of land that were once a City of East Lansing Department of Public Works facility. The project includes the interior and exterior rehabilitation of the building to be used by Working Bugs, LLC, a biotechnology company. Working Bugs plans to manufacture biochemicals using live organisms for the chemical, agricultural, food and pharmaceutical industries. Mr. Dempsey thanked the Board and MEDC staff for their consideration of the project. Mr. Dempsey advised that the City of East Lansing will support an Industrial Property Tax Abatement and Personal Property Tax Relief in Distressed Communities.

**Recommendation:** Staff recommends approval of local and school tax capture for the MEGA eligible activities.

**Board Discussion:** Ms. Campbell stated there are no contingencies for this project. Ms. Nelson asked if there were any questions from the Board. **Ms. Duquette motioned approval of Resolution 2011-115. Mr. Martin seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 0 absent.

**PROPOSED BROWNFIELD MBT CREDIT AMENDMENT**

**Resolution 2011-116 – Two West Fulton**

*Stacy Esbrook, Program Specialist – Brownfield, provided background information and introduced the guest speakers: Sam Cummings, Two West Fulton, Managing Partner; Jared T. Belka, Attorney, Warner Norcross & Judd, LLP*

Ms. Brook provided the Board with background information. The MEGA Board approved a Large Brownfield MBT Credit for the Two West Fulton project on March 18, 2008 and amended the project on May 20, 2008, designating it an Urban Development Area Project. Mr. Cummings advised the Board they are requesting to complete the second phase of the project in two phases, making this a three-phase project. The purpose of the split is to accommodate the financing needs of the project and the build-out schedule of the tenant.

**Recommendation:** Staff recommends approval of the amendment request, allowing this project to be completed in three phases. The MEDC also recommends that no future amendments be considered for this project.

**Board Discussion:** Ms. Campbell stated the contingency for this project will be that no future amendments will be considered for this project. Ms. Nelson asked if there were any questions from the Board. **Mr. Martin motioned approval of Resolution 2011-116. Ms. Duquette seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 0 absent.

### **PROPOSED MEGA CREDIT AMENDMENT**

**Resolution 2011-117 – EcoMotors International, Inc.**

*Jessica Gomez, Program Analyst, provided background information.*

EcoMotors International, Inc. was approved for a 100% High-Tech MEGA Credit on May 20, 2008. The project location was set for the City of Troy. Because of a strong working relationship with Roush Industries, the company located to Allen Park. The City of Troy submitted a letter to the MEDC stating EcoMotors International had not received any financial incentive specific to the P.A. 198 tax abatement that was approved. The City of Allen Park also submitted a letter to the MEDC stating that they will support EcoMotors International with occupancy and inspection fee waivers, as well as consideration for a P.A. 198 tax abatement. Due to economic conditions within the City of Allen Park, the City is unable to offer a P.A. 198 tax abatement.

**Recommendation:** Staff recommends that the contingency of a Tax Abatement be removed and Section (e) of the Resolution be amended to state the following: “The City of Allen Park approves waivers for the Company’s occupancy and inspection fees.” All other aspects of the original MEGA remain as is.

**Board Discussion:** Ms. Campbell stated the contingency for this project is stated as: “The City of Allen Park approves waivers for the Company’s occupancy and inspection fees.” Ms. Nelson asked if there were any questions from the Board. **Mr. Jackson motioned approval of Resolution 2011-117. Mr. Martin seconded the motion.** The motion carried – 7 ayes; 0 nays; 0 recused; 0 absent.

The meeting adjourned at 10:50 a.m.