

## ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) was held at the Michigan Economic Development Corporation, 300 N. Washington Square, on September 14, 2004, at 10:00 a.m.

### **Members Present**

Cullen DuBose

Bo Garcia

Jeff Guilfoyle (acting for and on behalf of Jay Rising, authorization attached)

David Hollister

Faye Nelson

Sandy Ring (acting for and on behalf of Donald Jakeway, authorization attached)

Jackie Shinn (acting for and on behalf of Gloria Jeff, authorization attached)

### **Others Present**

Mark Adams, Oakland County

Peter Anastor, MEDC

John Atkinson, Meridian Automotive

Amy Banninga, MEDC

Jim Beelen, Allendale Township

Kurt Brauer, Bodman LLP

Scott Benson, Warren/Conner Development Coalition

Kathy Blake, Sr. VP Business Development, MEDC

Scott Chappelle, Strathmore Development Company

Michael Curis, Curis Enterprises

Patricia Denig, Washtenaw County BRA

Maggie DeSantis, Warren/Conner Development Coalition

Connie Dimond, Strathmore Development Company

Jim Donaldson, MEDC

Tracy Freeman, MEDC

Cynthia Grubbs, MEDC

John Hieftje, Mayor of Ann Arbor

David Jeup, President, Transcorp International

Jeff Kaczmarek, MEDC

Jim Kieft, VP Finance, Nicholas Plastics

Carol Knobloch Johns, MEDC

Norm Johnson, Visteon

Mike Kurilla, Ceradyne

Fran LeVeque, Meridian Automotive

Jim McBryde, MEDC

Susan McCormick, MEDC

Karen McDougall, President, Atlantic Automotive

Tony McGee, Cornerstone Alliance

Kevin McGraw, Strathmore Development Company

William McLaughlin, Lear Corporation

Gretchen McKernan  
Pauline Millichamp, MEDC  
Mark Morante, MEDC  
Terry Nicholas, President & CEO, Nicholas Plastics, Inc.  
Jim Paquet, Secretary to the Board  
Jeff Reddy, Saturn Electronics  
Ken Rizzio, Ottawa County  
Matthew Rick, Attorney General's Office  
Ben Robertson, MEDC  
Keith Salo, TIF Coordinator, City of Southfield  
Phil Schlarman, Atlantic Automotive  
Mike Shore, MEDC  
Doug Steare, Executive VP, Lear Corporation  
Mel Stephens, Lear Corporation  
Vern Taylor, MEDC  
Jim Vincke, Mobius Microsystems  
Peter Zeiler, Detroit Economic Growth Corporation

### **Call to Order**

David Hollister called the meeting to order at 10:15 a.m.

### **Approval of Minutes from August 17, 2004**

A motion was made, supported and carried that the minutes from the August 17, 2004 meeting be adopted.

### **Public Comment**

Kathy Blake, Senior Vice President of Business Development for MEDC, displayed a map and a chart that showed the cumulative effect that MEGA and brownfield tax credits have had on investments and job creation, statewide.

### **ACTION ITEM**

*Meridian Automotive Systems, Inc.  
3196 Kraft Avenue SE, Suite 200  
Grand Rapids, Michigan 49512*

Jim Donaldson began the presentation by introducing Fran LeVeque and John Atkinson from Meridian Automotive Systems. Mr. LeVeque explained that Meridian Automotive Systems, Inc. is a Tier 1 supplier of front and rear end modules, bumper systems, exterior composite plastic modules, exterior structural components, interior components and modules and exterior lighting components. The company currently employs 2,947 in the state.

Meridian Automotive is considering development of a new facility that will mold, paint, assemble in sequence, and ship front and rear bumper systems (fascias) to the North American automotive industry. The company is considering a site in the Village of Fowlerville for the construction of a 250,000 square foot facility that the company will lease from a third party. The project will require company investment of \$28 million for machinery and equipment. The company anticipates the creation of up to 250 net new jobs with an average weekly wage of \$563.

It is estimated that this facility will create a total of 681 jobs in the state by the year 2015. We also estimate that the project would create total state government revenues through the year 2015, of \$24.8 million due to the location of this facility.

The company has investigated sites for this project in Michigan, Ohio, and Indiana. When comparing the Fowlerville location to a site in Warren, Ohio, the company estimated that higher lease costs and tax expenditures would increase operating costs up to \$1.5 million per year.

The State of Michigan has approved funding of up to \$760,000 for public infrastructure improvements under the Community Development Block Grant (CDBG) program. The Village of Fowlerville will provide a match to these funds to support the upgrades required for the project.

The company will also be eligible for job training assistance of \$500 per worker for 250 new workers, (up to \$125,000) under the Economic Development Job Training program.

The Village of Fowlerville approved 50 percent abatement of the company's new real and personal property taxes for 12 years at their September 13, 2004, meeting. The estimated value of the local property tax abatement is \$7.4 million.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 250 net new employees.

### **Board Discussion**

Faye Nelson gave the Executive Committee report. On behalf of the Executive Committee, Ms. Nelson recommended approval of the requested tax credit.

Hearing no further discussion, a motion was made and supported and Resolution 2004-51, authorizing a standard MEGA tax credit for Meridian Automotive Systems, Inc., was adopted.

## **ACTION ITEM**

*Nicholas Plastics, Inc.  
11700 48<sup>th</sup> Avenue  
Allendale, Michigan 49401*

Nicholas Plastics, Inc. is a diversified manufacturer of plastics product, including profile extrusion and low pressure moldings utilizing thermoplastic compounds. The company is based in Allendale but also has subsidiary operations in Grand Rapids and Monterrey, Mexico. The company and its subsidiaries currently have 391 employees in Michigan.

Jim Beelen with the Charter Township of Allendale, and Ken Rizzio from Ottawa County, were introduced to the board along with Terry Nicholas and Jim Kieft from Nicholas Plastics. Mr. Nicholas explained that Nicholas Plastics has been awarded a new automotive contract for truck body-side moldings and they need to expand their operations. The product produced will be distributed to manufacturing facilities throughout the US, Mexico and Canada. In order to accommodate this growth, Nicholas Plastics will need to add 120,000 square feet of manufacturing space to their existing facility in Allendale Township. The project would lead to the creation of 75 new jobs in the first year of the project and up to 250 new jobs over the next five years. The new positions would pay an average weekly wage of \$507.

The project would require a capital investment of \$18 million, including \$6.6 million for a new building and site development and \$11.4 million for new machinery, equipment and tooling. Construction on the facility would begin in October, with building completion expected by March 2005.

It is estimated that this facility will generate a total of 374 jobs in the state by the year 2017. Total state government revenues through the year 2017, would be increased by \$13.8 million due to the presence of this facility.

Nicholas Plastics is also considering their facility in Monterrey, Mexico for this expansion. The Monterrey facility provides Nicholas Plastics with a substantial cost savings due to lower labor rates in Mexico. This savings is estimated at several million dollars per year once the facility is fully operational. The company has also received a commitment from their current landlord in Monterrey for additional building space which could then be leased by Nicholas Plastics.

The State of Michigan will provide the company with an Economic Development Job Training (EDJT) grant of \$500 for each of the first 150 workers, or up to \$75,000. The State will also provide, pending approval of local property tax abatement, a 100 percent abatement of the six-mill State Education Tax for a period of time to match the local property tax abatement. The value of this abatement is estimated at \$376,400.

On September 13<sup>th</sup>, Allendale Township approved a 50 percent abatement of the company's new real and personal property taxes for 12 years. The estimated value of the local property tax abatement is \$1.2 million. Mr. Rizzio and Mr. Beelen both expressed enthusiastic support for this project in their community.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 12 years, for up to 250 net new employees.

### **Board Discussion**

Faye Nelson gave the Executive Committee report and on behalf of the committee, recommended approval of the requested tax credits.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-52, authorizing a standard MEGA tax credit for Nicholas Plastics, Inc., was adopted.

### **ACTION ITEM**

*Atlantic Automotive Components, LLC  
1285 North Crystal Avenue  
Benton Harbor, Michigan 49022*

Jim Donaldson introduced Karen McDougall and Phil Schlarman of Atlantic Automotive Components, LLC, and Tony McGee from Cornerstone Alliance. Ms. McDougall discussed the company's request for tax credits. Atlantic Automotive Components, LLC is a leading plastic components supplier to automotive manufacturers and suppliers throughout the United States. Atlantic is a Michigan LLC, 70 percent owned by Visteon and 30 percent owned by VIC Management. The company is based in Benton Harbor and currently has 383 employees at two Benton Harbor facilities.

Atlantic Automotive Components needs to expand in order to accommodate future growth at the company. To achieve this growth, the company would lease an additional 50,000 square foot building that would be constructed and leased to the company by Cornerstone Alliance. The project would be an expansion of their current Ox Creek facility in Benton Harbor. The project would lead to the creation of 71 new jobs and the new positions would pay an average weekly wage of \$548. Typically, standard MEGA credits require 75 new jobs, however statute requires the creation of only 25 jobs if a project is located in a Renaissance Zone. This project is located in the North of Main Renaissance Zone in Benton Harbor.

The project would require a capital investment of \$21.8 million, including \$3.3 million for building lease costs and leasehold improvements and \$18.5 million for new machinery and equipment.

It is estimated that this facility will generate a total of 162 jobs in the state by the year 2015. Total state government revenues through the year 2015, would be increased by \$5.5 million due to the presence of this facility.

Atlantic Automotive also considered locating this facility in Indiana. The company received an aggressive incentive offer from Indiana, which included the Indiana EDGE credit, the Hoosier Business Investment Credit and property tax abatements. In addition, the company found that wages and lease costs were also lower in Indiana, saving the company over \$200,000 annually.

Cornerstone Alliance holds title to land valued at \$150,000 that it will lease it to Atlantic Automotive at a rate of \$1. Cornerstone Alliance and the City of Benton Harbor will also build and lease the new building to Atlantic Automotive for the expansion. The lease rate will be 35 percent lower than a lease rate which would be offered by a for-profit developer. Finally, Cornerstone Alliance has provided direct staff support and financial underwriting necessary to determine the costs for the new building, environmental concerns and market analysis necessary to advance this project. These efforts are estimated to have saved the company \$20,000 to date.

In addition, Atlantic Automotive will receive Single Business Tax and property tax savings due to the location of this project in the North of Main Renaissance Zone. The property tax savings are estimated at \$2.3 million and the Single Business Tax savings are estimated at \$168,000 over the remaining eight years of the zone.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent employment tax credit for 10 years, for up to 71 net new employees

### **Board Discussion**

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

Hearing no further discussion, a motion was made and supported and Resolution 2004-53, authorizing a Ren Zone MEGA tax credit for Atlantic Automotive Components, LLC, was adopted.

### **ACTION ITEM**

*Saturn Electronics and Engineering, Inc.  
255 Rex Boulevard  
Auburn Hills, Michigan 48326*

Jim Donaldson introduced Ken Rizzio from Ottawa County and Jeff Reddy with Saturn Electronics. Mr. Reddy discussed Saturn Electronics and Engineering, Inc., and the

company's need to expand. The company is a provider of a wide range of components, modules and sub-systems for the automotive, appliance, and computer markets. Saturn maintains corporate offices in Auburn Hills, Michigan and operates manufacturing and engineering facilities in the United States, Mexico, and the Philippines. The company currently has 304 employees in Michigan.

The company is considering an expansion of their Coopersville facility to support research, design, development, and manufacture of advanced electro-hydraulic control devices (solenoids) for the next generation of automotive engines and transmissions. Their customers are actively developing new powertrain systems including 5, 6, and 7-speed automatic transmissions that require engine-related technologies such as variable valve timing, cylinder deactivation, and variable compression systems that are developed and supplied by the company. These advanced technologies are expected to improve fuel economy and overall vehicle performance.

The company expects to invest \$15-20 million, with approximately \$8-10 million required over the next three years, for building expansion and machinery and equipment. The company expects to create 24 jobs in the first year of operations, and up to 124 net jobs over the first five years of operations, paying an average weekly wage of \$953.

It is estimated that this facility will create a total of 247 jobs in the state by the year 2013. We also estimate that the project would create total state government revenues through the year 2013, of \$7.28 million due to the location of this facility.

The company considered other Saturn locations for the expansion, including Monterrey, Nuevo Leon, Mexico for manufacturing and Cebu, Philippines for engineering support. The company compared the costs of undertaking the project in Coopersville, or in Mexico, and estimates that operating costs will be up to \$7 million higher in Michigan each year, mainly because of higher labor and benefit costs. The company believes that the proximity of their design facility will increase their business opportunities with the Big Three, partially offsetting this differential.

The company will be eligible for job training assistance of \$500 per worker for 124 new workers, or up to \$62,000, under the Economic Development Job Training program.

The State of Michigan will also offer 100 percent abatement of the six-mill State Education Tax for a length of time to match the local property tax abatement. The value of this abatement is estimated at \$225,000.

The City of Coopersville has approved 50 percent abatement of the company's taxes on new real property for 12 years and new personal property for nine years. The estimated value of the local property tax abatement is \$939,000. A representative from the City of Coopersville was on hand to express the community's support.

## **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent high technology employment tax credit for nine years, for up to 124 net new employees.

## **Board Discussion**

Faye Nelson gave the Executive Committee report. Ms. Nelson expressed the committee's recommendation to approve the company's requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-54, authorizing a high-tech MEGA tax credit for Saturn Electronics and Engineering, Inc., was adopted.

## **ACTION ITEM**

*Ceradyne, Incorporated  
3169 Redhill Avenue  
Costa Mesa, California 92626*

Jim Donaldson introduced Mark Adams from Oakland County and Mike Kurilla with Ceradyne, Incorporated. Ceradyne is a publicly traded corporation specializing in the development and production of advanced ceramic materials. The company serves the defense, industrial, automotive/diesel and health care industries. Currently, Ceradyne has one employee in Michigan.

Mr. Kurilla explained the company's plans for expansion. The company is proposing to build a new research and development facility to advance future growth. The new R&D center will help the company capitalize on opportunities in the defense market, identify new products and markets, and continue to diversify non-defense revenue base. To accomplish this, the company will lease a newly constructed 31,000 square foot speculative building in Wixom. The project will lead to the creation of five new jobs the first year of the project and a total of 52 jobs over five years. The new positions are expected to pay an average weekly wage of \$850.

Total capital investment for the project would be approximately \$2.7 million, including \$1.6 million for capitalized lease costs and leasehold improvements, and \$1.1 million for new machinery, test equipment and computers.

It is estimated that this facility will generate a total of 69 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$1.36 million due to the presence of this facility.

In addition to Wixom, Ceradyne is also considering Lexington, Kentucky for this R&D center. Ceradyne currently has an existing facility in Lexington with available space for this project. The potential savings of using existing space could save the company



nearly \$1.6 million over the life of the lease term. Kentucky also offers lower labor rates for the engineers and designers, potentially saving the company nearly \$300,000 per year once the facility is fully staffed.

The City of Wixom has proposed 50 percent abatement of the company's new personal property taxes for five years. The estimated value of the local property tax abatement is \$35,700. Mark Adams expressed the City's support for this project. The abatement is expected to be finalized on September 28, 2004.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for ten years, for up to 52 net new employees and a 100 percent business activity credit for five years.

### **Board Discussion**

The Executive Committee report was heard. Faye Nelson, on behalf of the Executive Committee, recommended approval of the requested tax credits.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-55, authorizing high-tech MEGA tax credits for Ceradyne, Incorporated, was adopted.

### **ACTION ITEM**

*Mobius Microsystems, Inc.  
313 North First Street  
Ann Arbor, Michigan 48103*

Jim Donaldson began by introducing Jim Vincke from Mobius Microsystems, Inc., to the board. Peter Zeiler was also introduced, representing Detroit Economic Growth Corporation. The company is currently located in Ann Arbor and has three employees.

Mobius has developed and patented revolutionary clock technology, which provides microprocessor "chip" manufacturers with a way to incorporate a fully integrated on-chip clocking function. This new technology is expected to create substantial customer demand and Mobius is seeking a location for their headquarters to meet this demand. Mobius is considering leasing space in an existing office building in the City of Detroit's Central Business District. The location will lead to the creation of 19 new jobs in the first year of the project, 111 new jobs by the fifth year of the project and up to 500 new jobs by the tenth year. The new positions will be well compensated, with an average weekly wage of \$1,125.

Total capital investment for the project would be approximately \$12 million if the company develops as expected. This investment includes \$7.8 million for capitalized

lease costs and \$4.2 million for new machinery, test equipment and computers. Initial investment for the project is less than \$1 million as it will need only limited space.

It is estimated that this facility will generate a total of 1,594 jobs in the state by the year 2014. Total state government revenues through the year 2014, would be increased by \$21.53 million due to the presence of this facility.

In addition to Detroit, Mobius Microsystems is also considering Columbus, Ohio for their operations. Columbus would provide Mobius with the urban workplace environment they desire, as well as a scientific labor force related to Ohio State University. The company also expects cost efficiencies in Columbus due to lower wages and rents. The company is also feeling pressure to locate closer to their equity investors, including a significant investor in Columbus, Ohio.

The City of Detroit Downtown Development Authority has proposed up to 80 free parking spaces a year for 10 years, up to a maximum yearly parking expense of \$72,000. The total 10-year cost is expected to be \$523,020. Mr. Zeiler expressed the City's support for the project and explained that final DDA approval for the parking assistance is expected on September 15, 2004.

### **Recommendation**

The Michigan Economic Development Corporation recommends a 100 percent high-technology employment tax credit for 10 years, for up to 500 net new employees.

### **Board Discussion**

The Executive Committee report was given by Faye Nelson. The Executive Committee recommended full Board support for the requested tax credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-56, authorizing a high-tech, look-back tax credit for Mobius Microsystems, Inc., was adopted.

### **ACTION ITEM**

*City of Detroit Brownfield Redevelopment Authority  
211 West Fort Street  
Detroit, Michigan 48226*

Jeff Kaczmarek introduced Maggie DeSantis from the Warren/Conner Development Coalition, and Michael Curis with Curis Enterprises. Ms. DeSantis and Mr. Curis showed artist renderings of how the project will look, and talked about additional costs incurred. These additional costs have caused the developer to return to the board to request an amendment of the previously approved work plan. The project is located in the City of Detroit at the southwest corner of the intersection of Mack and Alter. A work

plan for this site was approved by the Board on November 18, 2003, approving school tax capture of \$175,674 and local tax capture of \$286,626.

Many homes demolished in the City of Detroit, were demolished in place. None of the associated debris and material from these homes was removed from the site. The work plan amendment is needed to cover the increased costs associated with the removal of the debris and additional costs associated with the relocation of utilities.

**PROJECT COSTS**

|                       |                 |
|-----------------------|-----------------|
| Demolition            | \$ 160,000      |
| Site Preparation      | \$ 814,000      |
| Contingency @ 15%     | \$ 146,100      |
| Work Plan Preparation | <u>\$ 5,000</u> |
|                       | \$1,125,100     |

The tax capture breakdown between school and local taxes is:

|                   |                        |      |
|-------------------|------------------------|------|
| \$ 427,538        | School Operating Taxes | 38 % |
| <u>\$ 697,562</u> | Local Property Taxes   | 62%  |
| \$1,125,100       |                        |      |

**Recommendation**

The MEDC recommends approval of the work plan request to capture school operating taxes up to a maximum of \$427,538, to reimburse the cost of eligible activities totaling \$1,125,100.

**Board Discussion**

Faye Nelson gave the Executive Committee report. The Executive Committee considered the request for amendment and recommended approval of the request.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-57, authorizing an amendment to increase the amount of school operating costs captured for the brownfield redevelopment project at the southwest corner of Mack and Alter, was adopted.

**ACTION ITEM**

*City of Detroit Brownfield Redevelopment Authority  
Northwest Corner Mack and Alter*

Jeff Kaczmarek briefed the board on the reason for the amendment request for this work plan. The project is located in the City of Detroit at the intersection of Mack and Alter (northwest corner). A work plan for the site was approved by the Board on March

18, 2003. The work plan was approved with school tax capture of a maximum of \$100,993 for eligible activities totaling \$115,000. The BRA is now requesting an amendment to the work plan.

Many homes demolished in the City of Detroit, were demolished in place. None of the associated debris and material from these homes was removed from the site. This work plan request is to cover the increased costs associated with the removal of the remaining debris and additional costs associated with the relocation of public utilities.

The increased costs do not include any costs attributable to the "Spec Site" which was discussed in the original briefing memo. The Spec Site will be dealt with, if necessary, in a separate work plan.

### PROJECT COSTS

|                       |                 |
|-----------------------|-----------------|
| Demolition            | \$ 65,000       |
| Site Preparation      | \$279,500       |
| Contingency @ 15%     | \$ 51,675       |
| Work Plan Preparation | <u>\$ 5,000</u> |
|                       | \$401,175       |

The tax capture breakdown between school and local taxes is:

|           |                        |      |
|-----------|------------------------|------|
| \$152,447 | School Operating Taxes | 38 % |
| \$248,728 | Local Property Taxes   | 62%  |

### Recommendation

The MEDC recommends approval of the work plan request to capture taxes to reimburse the cost of eligible activities totaling \$401,175, and that the capture of school operating taxes be limited to a maximum of \$152,447.

The MEDC further recommends that the Detroit BRA and the developer be released from the requirement to complete certain eligible activities at the Spec Site, which were required in connection with the Board's original approval of the project on March 18, 2003. Jim Paquet explained that the original work plan was for two sites. This amendment would allow all tax capture on the project at Mack and Alter, excluding the Spec Site, which was the second site.

### Board Discussion

Faye Nelson gave the report from the Executive Committee meeting. The Executive Committee is recommending approval of the amendment.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-58, authorizing the capture of additional school operating taxes for the brownfield

redevelopment project at the northwest corner of Mack and Alter (Wow site), was adopted.

**ACTION ITEM**

*Washtenaw County Brownfield Redevelopment Authority and  
City of Ann Arbor  
100 North Fifth Avenue  
Ann Arbor, Michigan 48107*

Jeff Kaczmarek introduced Scott Chappelle of Strathmore Development Company. Mr. Chappelle introduced Ann Arbor’s Mayor John Hieftje and Patricia Denig from the Washtenaw County BRA. Mr. Chappelle explained the project at Broadway Village. The Broadway Village project will revitalize a currently underutilized and environmentally contaminated 6.4-acre site to create a mixed-use neighborhood. The anchor tenant for the development will be a “healthplex” facility. Other uses include medical-office space, 145 apartments (116 at market rate and 29 to rent at less than market rate) and retail, pubs, and restaurants. The project will also include a 640-space parking structure.

The Work Plan requests demolition, public infrastructure improvements, lead and asbestos abatement and site preparation costs associated with the development of the site. Mayor Hieftje offered support for this project on behalf of the City of Ann Arbor. He mentioned how this project fits in with the city’s plan to create more density in the area.

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

As of July, 2004, the Department of Labor & Economic Growth identified the unemployment rate within the City of Ann Arbor as 2.8 percent. This compares to 3.3 percent within all of Washtenaw County and 7.5 percent within Michigan.

A work plan has been submitted to MDEQ for \$1,755,000 for eligible environmental activities. Lower Town Development Group, LLC will be requesting a Single Business Tax Credit (SBT) for \$8,600,000. At the time of the completion of this briefing memo, no formal request has been made for approval of the tax credit.

**PROJECT COSTS**

**MEGA Eligible Activities**

|                                    |              |
|------------------------------------|--------------|
| Demolition                         | \$900,000    |
| Site Preparation                   | \$4,200,000  |
| Infrastructure                     | \$23,800,000 |
| Project Management and Other Costs | \$3,350,000  |
| Contingency (15%)                  | \$3,750,000  |

|          |                     |
|----------|---------------------|
| Interest | <u>\$30,323,250</u> |
| Total    | \$66,323,250        |

The cost of the eligible activities totals \$66,323,250. The tax breakdown at the requested amount would be as follows:

|                                 |                     |
|---------------------------------|---------------------|
| State School Property Taxes 45% | \$30,299,578        |
| Local Property Taxes 55%        | <u>\$36,023,672</u> |
|                                 | \$66,323,250        |

The site is a "facility," which means that it has been determined to be a property where a hazardous substance in excess of state standards is present and that it must be given priority over non-facilities. The property is located within the boundaries of the City of Ann Arbor, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved by the Ann Arbor City Council on October 7, 2003, and by the Washtenaw County Board of Commissioners on December 3, 2003.

### **Recommendation**

The Michigan Economic Development Corporation recommends approval of school tax capture up to a maximum of \$30,299,577 for the eligible activities totaling \$66,323,250 as described above.

### **Board Discussion**

Faye Nelson gave the Executive Committee report and recommended approval of the requested tax capture. Discussion was heard regarding the resolution.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-59, authorizing the capture of school operating taxes for the City of Ann Arbor for its Broadway Village project at Lower Town, was adopted.

### **ACTION ITEM**

*Lear Corporation  
21557 Telegraph Road  
Southfield, Michigan 48034*

WORK PLAN REQUEST: \$4,803,719

SINGLE BUSINESS TAX CREDIT REQUEST: \$4,891,048

Jim Donaldson began by introducing Doug Steare, Bill McLaughlin, and Mel Stephens from Lear Corporation, along with Keith Salo from the City of Southfield, Mark Adams from Oakland County, and Kurt Brauer with Bodman LLP. Mr. Stephens explained the

Lear project to the board, after which Mr. Salo talked about the community's support for the project.

Lear Corporation plans to create a new Corporate Headquarters campus by redeveloping approximately 36 acres along the west side of Telegraph Road between Eight and Nine Mile Roads in the City of Southfield. The new campus will prominently announce Lear's presence in the city and will serve as the anchor for further redevelopment along the southern Telegraph Road Technology Corridor. Lear plans to upgrade its corporate presence in southeastern Michigan so that it may compete for the top talent in the marketplace and compete successfully in the automotive supply market. Lear anticipates that it will spend over \$70 million to complete this project. In addition, as part of the Lear Project, Lear plans to consolidate certain business units and migrate related jobs into the new campus.

Lear plans to redevelop the property by undertaking environmental investigation, remediation of the site, demolition of some existing buildings, rehabilitating or altering at least one existing building, constructing new buildings, adding public infrastructure and improving on-site parking and traffic flow. Lear plans to relocate 125 jobs from other southeast Michigan locations, and create an additional 200 jobs as a result of this project.

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

The company is seeking a Department of Transportation Economic Development Fund grant of \$140,000 to defray the costs of a deceleration lane along Telegraph Road.

The company is also applying to the Department of Environmental Quality for up to \$367,188 in state and local revenues for reimbursement of environmental activities through Brownfield Redevelopment Tax Increment Financing.

|                                     |                    |
|-------------------------------------|--------------------|
| Infrastructure—Street, Utilities    | \$3,337,000        |
| Demolition                          | 200,000            |
| Asbestos Abatement                  | 50,000             |
| Site Preparation                    | 590,147            |
| 15% Contingency on Above            | <u>626,572</u>     |
| Subtotal                            | \$4,803,719        |
| Interest (5%) – Local Revenues Only | <u>\$2,470,213</u> |
| TOTAL                               | \$7,273,932        |

|                               |                  |                          |
|-------------------------------|------------------|--------------------------|
| State School Property Taxes   | \$4,054,382      | (84% of MEGA Activities) |
| Local Property Taxes          | <u>749,337</u>   | (16% of MEGA Activities) |
| Total MEGA Activities         | \$4,803,719      |                          |
| Local Property Taxes Interest | <u>2,470,213</u> |                          |
| TOTAL                         | \$7,273,932      |                          |

This tax capture breakdown reflects that local revenues will continue to be collected by the existing local development finance authority for the first 11 years of the project. This pre-existing capture reduces the local revenues available for brownfield tax capture.

**COST OF ELIGIBLE INVESTMENTS:**

|                       |                  |
|-----------------------|------------------|
| Site Improvements     | \$10,189,981     |
| New Construction      | 23,916,312       |
| Building Improvements | 6,089,488        |
| Machinery & Equipment | <u>8,714,700</u> |
| TOTAL                 | \$48,910,481     |

The property is contaminated and qualifies as a facility. The property is located within the boundaries of the City of Southfield, a qualified local governmental unit. The project is the subject of a brownfield plan duly approved on August 23, 2004.

**Recommendation**

The MEDC recommends approval of a MEGA Brownfield Redevelopment Credit of 10 percent of the eligible investment in the project, not to exceed a \$4,891,048 credit.

**Board Discussion**

The Executive Committee report was given by Faye Nelson. The committee reviewed the project and recommended approval of the requested brownfield SBT credit.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-60, authorizing a brownfield redevelopment credit for Lear Corporation, was adopted.

**ACTION ITEM**

*Lear Corporation  
Request for Work Plan approval*

The resolution as presented was discussed. The Michigan Economic Development Corporation recommends approval of up to \$4,803,719 for the MEGA eligible activities described above. School tax capture is not to exceed \$4,054,382.

**Board Discussion**

Faye Nelson gave the Executive Committee report. Ms. Nelson recommended approval of the requested tax capture, on behalf of the Executive Committee.

Hearing no further discussion, a motion was made and supported, and Resolution 2004-61, authorizing the capture of school operating taxes for Lear Corporation's headquarters project, was adopted.

The meeting was adjourned at 11:35 a.m.





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JAY B. RISING  
STATE TREASURER

September 14, 2004

Mr. Jim Paquet  
Michigan Economic Growth Authority  
300 North Washington Square  
Lansing, MI 48913

Dear Mr. Paquet:

I hereby designate Jeff Guilfoyle, Director, Economic and Revenue Forecasting Division, Department of Treasury, to represent me at meetings of the Michigan Economic Growth Authority Board, which I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay B. Rising".

Jay B. Rising  
State Treasurer

c: Howard Heideman  
Jeff Guilfoyle



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

300 N. WASHINGTON SQ.  
LANSING, MI 48913

CUSTOMER  
CONTACT CENTER  
517 373 9808

WWW.MICHIGAN.ORG

May 14, 2004

EXECUTIVE COMMITTEE

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Chair  
General Motors

PHILIP H. POWER

Vice Chair  
HomeTown Communications  
Network

DONALD E. JAKEWAY

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Automotive Research

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Labor & Economic Growth

GEORGE JACKSON JR.

Detroit Economic Growth  
Corporation

MICHAEL J. JANDERNOA

Bridge Street Capital  
Partners, LLC.

MAYOR ROBERT B. JONES

City of Kalamazoo

BIRGIT M. KLOHS

The Right Place, Inc.

DR. IRVIN D. REID

Wayne State University

S. MARTIN TAYLOR

DTE Energy Company

GARY TORGOW

Sterling Group

PETER S. WALTERS

Guardian Industries Corp.

Mr. James Paquet  
Secretary  
Michigan Economic Growth Authority Board  
300 N. Washington Square  
Lansing, MI 48913

Dear Mr. Paquet:

I hereby designate Sandy Ring, MEDC Chief Operating Officer, to represent me and vote at all MEGA Boards Meetings when I am unable to attend.

If you have any questions, please feel free to contact me at 517-241-1400.

Sincerely,

Donald E. Jakeway  
President and CEO

Cc: Sandy Ring  
Jim Lancaster



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TRANSPORTATION  
LANSING

GLORIA J. JEFF  
DIRECTOR

February 10, 2003

Mr. Jim Paquet, Secretary  
Michigan Economic Growth Authority Board  
Michigan Economic Development Corporation  
300 North Washington Square  
Lansing, Michigan 48913

Dear Mr. Paquet:

As of January 31, 2003, I am appointing Jackie Shinn, Administrator, Office of Transportation Economic Development and Enhancement, to attend and act on my behalf at the Michigan Economic Growth Authority Board meetings as an alternate representative.

In case Ms. Shinn or I are unable to attend a particular board meeting due to scheduling conflicts, I am appointing Rob Abent, Bureau Director, Multi Modal Transportation Services Bureau, as my alternate representative to attend and act on my behalf.

If you have any questions regarding these appointments, please call me at 517-373-0718.

Sincerely,

A handwritten signature in black ink that reads "Gloria J. Jeff". The signature is written in a cursive style and is positioned above the printed name and title.

Gloria J. Jeff  
Director