



D-NMDC

NEXT MICHIGAN DEVELOPMENT
CORPORATION

500 Griswold, Suite 2200
Detroit, MI 48226

**DETROIT NEXT MICHIGAN DEVELOPMENT CORPORATION
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, NOVEMBER 6, 2019 – 10:30 A.M.**

BOARD MEMBERS PRESENT: Clifford Brown
Kimberly Clayson
Linda Forte
Damon Hodge
Jonathan Quarles
Kwaku Osei

BOARD MEMBERS ABSENT: Marsha Bruhn
Chris Jackson
John Naglick (Ex-Officio)
Thomas Stallworth

OTHERS PRESENT: Richard Barr (Honigman)
Kenyetta Hairston-Bridges (DEGC/DNMDC)
Jennifer Harring (Dakkota)
Gay Hilger (DEGC/DNMDC)
Paul Kako (DEGC/DNMDC)
Jennifer Kanalos (DEGC/DNMDC)
Ryan Klunzinger (Dakkota)
Glen Long, Jr. (DEGC/DNMDC)
Mark McCauley (Dakkota)
Rebecca Navin (DEGC/DNMDC)
Andra Rush (Dakkota)
Nevan Shokar (DEGC/DNMDC)



**MINUTES OF THE DETROIT NEXT MICHIGAN DEVELOPMENT CORPORATION
BOARD OF DIRECTORS SPECIAL MEETING
TUESDAY, NOVEMBER 6, 2019, 2019
DETROIT ECONOMIC GROWTH CORPORATION
500 GRISWOLD, SUITE 2200
10:30 A.M.**

CALL TO ORDER

Noting that a quorum was present, Chairperson Forte called the Special meeting of the Neighborhood Development Corporation Board of Directors to order at 11:10 a.m.

GENERAL

Approval of Minutes

Ms. Forte asked if there were any additions, deletions or corrections to the minutes of the June 11, 2019 Regular Board meeting. Hearing none, the Board took the following action:

On a motion by Ms. Clayson, seconded by Mr. Hodge, Resolution Code DNMD 19-11-02-05 was unanimously approved.

PROJECTS

Dakkota Integrated Systems Request For: Approval of 19-Acre Site as an Eligible Renaissance Zone for the Creation of a Manufacturing Facility; Approval as a Qualified Eligible Next Business; and, Approval to Seek Benefits of Renaissance Zone

Ms. Hairston-Bridges introduced the Dakkota representatives present: Jennifer Haring HR Manager; Mark McCauley, COO, Richard Barr, attorney at Honigman, Ryan Klunzinger, Project Manager, Andra Rush, CEO, and their Consultant, and advised that before staff goes into the details of the project, they will be giving a brief presentation on their company, who they are and what they do.

Following the presentation, Ms. Bridges advised that Dakkota Integrated Systems, LLC (“Dakkota”) established in 2001, manages the complete assembly and sequencing of modules for OEMs and Tier One suppliers and currently has 14 facilities throughout the United States and Canada.

Project Introduction

In June 2019, the City of Detroit Brownfield Redevelopment Authority (the “DBRA”) approved the terms of a letter of intent with Trinity Investments Limited, LLC (“Trinity”) for the construction of a light industrial manufacturing facility at the sites of the former Kettering High School and Rose Elementary School for use and operation by Dakkota. Under the current proposed terms of development, currently under consideration by the DBRA Board of Directors, Dakkota would construct and operate, a 300,000 square foot light industrial manufacturing facility on the southern



19 acres of the former schools' sites, as more particularly depicted on **Exhibit A** included in the Board material (the "Site"). Construction is anticipated to begin in December of 2019 and to be substantially complete by end of 2020. Total investment is estimated to be approximately \$36 million. Total new jobs to be created over a two-year period is expected to be 419 full-time positions. Dakota has also agreed to certain hiring commitments including, but not limited to, offering City of Detroit residents' priority in applying for the jobs to be located at the Site and instituting background-friendly hiring practices. The above-described project is hereinafter described as the "Project".

Basis for Eligibility

Dakota has requested the Detroit Next Michigan Development Corporation's ("DNMDC") support in applying for renaissance zone benefits with respect to the Project. Pursuant to Act 376 of 1996 (the "Renaissance Zone Act"), a Next Michigan Development Corporation may make recommendations to the Michigan Strategic Fund for businesses to receive renaissance zone benefits. Specifically, a Next Michigan Development Corporation may (i) apply for the designation of a Next Michigan Renaissance Zone within the boundaries of a Next Michigan Development District, (ii) make recommendations for the certification of a qualified eligible next Michigan business entitled to exemptions, deductions, and credits; and (iii) make recommendations as to whether a qualified eligible next Michigan business should receive the benefits of a renaissance zone.

Staff has reviewed the Project and has determined that the Project satisfies the DNMDC program guidelines as follows:

- Eligible business will utilize at least two modes of commerce for the movement of goods via air, road, rail, or water.
- Eligible business is opening a new location in Michigan and plans to create new jobs in Michigan.
- Eligible business has provided proof of financing for 100% of the Project.
- The DBRA has authorized the sale of the Site and negotiated special provisions for an approved infrastructure improvement plan.
- Eligible business has committed to create a minimum of 400 jobs within the first three years of operation.
- Project has been evaluated to verify that but-for the requested incentives the project would not proceed at this location.
- Project is consistent with city's comprehensive plans and other strategic initiatives including compliance with Executive Order(s) 2014-5 and 2016-1.
- Eligible business demonstrated commitment to a community engagement process and presented proposed site design and hiring commitments at a meeting held on July 9, 2019 and scheduled to be held on November 12, 2019.
- Site is located within an area identified as having the greatest potential for growth in manufacturing and transportation, distribution, and logistics. Further, the Site is near the planned expansion of Fiat Chrysler's Mack Engine Plant and the Project will support expanded operations at such plant.
- Project provides a net benefit to the City, taking into account the renaissance zone benefits of 15 years as well as additional support through a PA 198 tax abatement – 50% real property tax relief, up to 12 years (including one additional year for construction), as set forth below:



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Incentive Summary Forecasted Over Term (calculations may change once taxable value established by Assessor's Office)

<input type="checkbox"/> Taxable Value Assumption	\$4,036,974/Yr. I <i>(assumes property will appreciated at 1.0% annually)</i>
<input type="checkbox"/> Total estimated value of incentives on local taxing jurisdictions	\$15,187,839 <i>(includes Brownfield)</i>
<input type="checkbox"/> Total estimated value of incentives (Detroit only)	\$9,333,432 <i>(includes Brownfield)</i>
<input type="checkbox"/> Cost of providing Municipal Services	\$10,228,729 <i>(marginal costs to provide services to the new business and its employees)</i>
<input type="checkbox"/> Net benefit to City of Detroit (30-year analysis)	\$29,727,633 <i>(major revenue streams include real property taxes, municipal income tax for direct workers/construction, state revenue sharing and miscellaneous taxes/user fees)</i>
<input type="checkbox"/> Net benefit to all local taxing jurisdictions (30-year analysis)	\$37,586,319 <i>(includes benefits after deducting property tax abatements and accounting for state reimbursement of abatements for schools)</i>

Based on the foregoing, DNMDP staff requests approval of the DNMDP Board of Directors to take the following actions with respect to the Project, subject in each case to prior approval by Detroit City Council: (i) apply to the MSF for the designation of a next Michigan Renaissance Zone for the Site, (ii) make a recommendation to the MSF to certify Dakkota as a qualified eligible next Michigan business entitled to exemptions, deductions, and credits, on the basis of the application included in the Board material as **Exhibit B**; and (iii) make recommendation to the MSF that Dakkota and the Project receive the benefits of a renaissance zone for a period of 15 years.

Mr. Brown questioned how many of these jobs will be new. Mr. McCauley answered that most of these jobs will be new. This will be a plant strictly dedicated to the new Chrysler plant and it is new business that Dakkota hasn't had in the past. There will be a corporate infrastructure that will continue to be engaged in this activity, however, 80 to 85 percent are anticipated to be new hires. Ms. Bridges added that they are working with Detroit at Work Detroit Employment Solutions and have prioritized Detroit residents and have started pre-screening. They have held one job fair so far at the Kettering site.

Ms. Clayson asked why this location was selected as opposed to the I-94 Industrial Park. Ms. Bridges informed that there is not enough space at the I-94 Industrial Park for this project and the Kettering site is in close proximity to the Chrysler plant. This site met all of FCA's requirements and logistically, sitting right off of I-94, it worked well for an industrial use and is right off of a bus line.

Mr. Brown asked if Dakkota will be following the Executive Order on the construction jobs. Mr. McCauley responded that it is their hope to hit the 51 percent and not have to pay any fines.



Ms. Forte stated that it is her understanding that Dakkota will also be flexible to hiring returning citizens. Ms. Harring confirmed her understanding.

Mr. Brown questioned what the pay range would be for the assembly jobs. Mr. McCauley replied that all of their jobs are UAW union jobs. The pay range will start around \$13.50 and go up to about \$17.00 per hour. Mr. Brown asked what the annual salary range would be for the salaried employees. Mr. McCauley responded that on the average, they are expected it to be somewhere between \$58,000 to \$60,000 per year.

Mr. Quarles disclosed that he has done work in the past with Dakkota and will be abstaining from voting.

Ms. Clayson asked how many years Dakkota has committed to staying in the city. Mr. McCauley advised that their initial contract with FCA is five years. Ms. Clayson asked what will happen if FCA does not renew the contract. Mr. McCauley said that Dakkota will have to find something else to put in the facility.

Mr. Brown asked what they thought their total investment in this site would be. Mr. McCauley replied that the building itself is \$30-35 million and another \$10-12 million in capital equipment once it is completed.

Ms. Clayson asked if other sites in the city of Detroit were considered since, as Mr. McCauley stated, FCA waived the 10-mile radius. Ms. Bridges answered that they had looked at other sites, one on the Southwest side of Detroit and was similar, but from a logistics standpoint, was not as favorable as this site.

Ms. Clayson asked for a comparison of costs between this site versus say if they were to have selected Toledo. Ms. Bridges responded that their annual cost of operating in Toledo would have been about \$24 million, in Hazel Park the annual cost was about \$20 million, and when you look at Detroit, it was about \$26 million. We are abating \$13.8 in terms of the overall incentive package, and the abatement of property taxes alone is \$4.9 million over the 12 years.

Ms. Forte asked what compelled Dakkota to locate in Detroit given the lower operating costs in Hazel Park. Ms. Bridged said she thinks their owner is really committed to the city of Detroit and is passionate about doing business in Detroit. She has done another project in Detroit—Detroit Manufacturing Systems—on the west side of the city and has over 900 employees and 90 percent are Detroit residents. The workforce is available in Detroit.

Ms. Bridges added that if the EDC Board approves this project, the State Michigan Strategic Fund and the Detroit City Council still need to approve it as well

Subsequent to the presentation and discussion, Ms. Forte asked if there was a motion and the Board took the following action:

On a motion by Mr. Brown, seconded by Mr. Hodge, Resolution Code DNMD 19-11-05-01 was approved, with Mr. Quarles abstaining.



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ADMINISTRATION

OTHER MATTERS

PUBLIC COMMENT

ADJOURNMENT

With there being no further business to come before the Board, on a motion by Mr. Osei, seconded by Mr. Hodge, Ms. Forte adjourned the meeting at 12:00 p.m.



CODE DNMDC 19-11-01-05

APPROVAL OF MINUTES OF JUNE 11, 2019

RESOLVED that the minutes of the Regular meeting of June 11, 2019 are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such minutes, are hereby in all respects ratified and approved as actions of the Detroit Next Michigan Development Corporation.

November 6, 2019



CODE DNMD 19-11-05-01

DAKKOTA INTEGRATED SYSTEMS

WHEREAS, pursuant to PA 275 of 2010, the City of Detroit Next Michigan Development Corporation (“DNMDC”) has been established by resolution of the City Council of the City of Detroit (the “City”) for the purpose of attracting eligible Next Michigan businesses (companies engaged in multi-modal activities) which present significant job creation and investment opportunities in the City; and

WHEREAS, pursuant to Act 376 of 1996 (the “Renaissance Zone Act”), a next Michigan development corporation may make recommendations to the Michigan Strategic Fund for businesses to receive renaissance zone benefits by: (i) applying for the designation of a next Michigan Renaissance Zone within the boundaries of a next Michigan development district, (ii) making recommendations for the certification of an eligible next Michigan business as a qualified eligible next Michigan business entitled to exemptions, deductions, and credits; and (iii) making recommendations as to whether a qualified eligible next Michigan business should receive the benefits of a renaissance zone; and

WHEREAS, the City of Detroit Brownfield Redevelopment Authority has approved the sale of 19 acres of land located at 6101 Van Dyke and 5830 Field St., Detroit, Michigan, formerly the Kettering and Rose schools, as more particularly depicted on **Exhibit A** hereto (the “Site”) for construction of a light industrial manufacturing facility at for use and operation by Dakkota Integrated Systems LLC (“Dakkota”); and

WHEREAS, Dakkota has requested the support of the DNMD in receiving renaissance zone benefits for Dakkota’s planned construction, use and operation of a 300,000 square foot light industrial manufacturing facility and approximately \$36 million investment (the “Project”); and

WHEREAS, pursuant to the resolution establishing the DNMD and the bylaws of the DNMD, the DNMD has submitted the proposed eligible Next Michigan business application for Dakkota in the form attached hereto as **Exhibit B** (the “Application”) to the Detroit Economic Growth Corporation for comment and application has been submitted to the DNMD Board for review and approval; and

WHEREAS, the DNMD Board has reviewed the Application, has determined that Dakkota and the Project satisfy the DNMD guidelines and that is appropriate for the achievement of the purposes of PA 275 of 2010 to approve the eligible Next Michigan Business and Renaissance Zone application for Dakkota and the Project.

NOW, THEREFORE, BE IT RESOLVED, that DNMD Board of Directors hereby approves the following actions with respect to the Project, subject in each case to approval by Detroit City Council: (i) apply to the MSF for the designation of a next Michigan Renaissance Zone for the Site for a period of 10 years, (ii) make a recommendation to the MSF to certify



Dakkota as a qualified eligible next Michigan business entitled to exemptions, deductions, and credits, on the basis of the application attached hereto as **Exhibit B**; and (iii) make recommendation to the MSF that Dakkota and the Project receive the benefits of a renaissance zone for period of 15 years.

BE IT FURTHER RESOLVED, that the Application is hereby approved, together with such changes to the Application the DNMDCC staff deems necessary or appropriate to ensure the accuracy of supplemental documentation, including but not limited to parcel information, community engagement strategies and additional information to demonstrate compliance with workforce and procurement strategies to promote the hiring of Detroit residents.

BE IT FURTHER RESOLVED, that the DNMDCC Board hereby authorizes DNMDCC staff to submit a certified copy of this Resolution the Application to the City Clerk, together with a request that the Detroit City Council take all actions required to approve the Application in accordance and the DNMDCC's recommendations in accordance with the Renaissance Act and PA 275 of 2010, as applicable.

BE IT FURTHER RESOLVED, that any two Officers, or any one of the Officers and any one of the Authorized Agents or any two of the DNMDCC's Authorized Agents, shall hereafter have the authority to negotiate and execute all documents, contracts, or papers, and take all actions, necessary or appropriate to implement the provisions and intent of this resolution on behalf of the DNMDCC.

BE IT FINALLY RESOLVED, that all of the acts and transactions of any officer or authorized agent of the DNMDCC, in the name and on behalf of the DNMDCC, relating to matters contemplated by the foregoing resolutions, which acts would have been approved by the foregoing resolutions except that such acts were taken prior to execution of these resolutions, are hereby in all respects confirmed, approved and ratified.

November 6, 2019