



MEMORANDUM

DATE: May 28, 2013

TO: Members of the Michigan Legislature

FROM: Michael A. Finney
President and CEO

SUBJECT: FY 2012 Urban Land Assembly Annual Report

Attached you will find the annual report for the Urban Land Assembly Program, as required in Section 9 of Public Act 171 of 1981.

If you have any questions regarding this report or need additional information, please contact James McBryde in our office of Governmental Affairs at 517.335.1847.

Attachment

Michigan Urban Land Assembly Year End Report Fiscal Year 2012

The Michigan Urban Land Assembly (ULA) Program provides financial assistance in the form of loans to eligible municipalities for the acquisition of certain real property for economic development purposes, including industrial and commercial projects. The Michigan Economic Development Corporation (MEDC) has administrative responsibility for the ULA Program. The program is directed toward revitalizing the economic base of cities experiencing economic distress and decline. The program is used to assemble land for the strategic uses of these communities. Sometimes this results in jobs in the short term, but sometimes the time period for job creation is much longer, especially on larger projects.

Preference is given to proposals which identify one or more immediate user(s), leverage non-state financial contributions, maximize the creation of permanent full-time employment per dollar investment, increase the local tax base, and constitute a major element in a city-wide strategy for economic development. There are eight criteria used to evaluate projects.

Section 9 of the Urban Land Assembly Act of 1981 requires that the MEDC report to the Legislature on an annual basis regarding the use of the ULA Fund, including:

- A list and description of approved projects
- The number of jobs created by approved projects
- Other accomplishments of the Fund
- The MEDC's recommendations on the continuation or cessation of the Fund, as well as other recommendations for changes in the Fund

As of September 30, 2012, the fund's available balance was \$3,910,852. No new grants or loans were approved during the fiscal year. MEDC continues to collect on outstanding loans. During the fiscal year, MEDC collected receivables in the amount of \$87,724. Since the inception of the ULA Program, 32 projects have been approved. A list of the nine open projects is attached.

The ULA Program continues to provide important support for projects that contribute to the revitalization of urban centers. We believe the financial situations many communities found themselves in due to the recent Michigan recession prevented them from incurring any additional obligations. The MEDC recommends continuation of the ULA Program.

Approval Date	Borrower	Loan Amount	Loan Balance	Loan Terms	Loan Status	Use of Funds	Jobs Created to Date
12/21/1999	Muskegon	\$1,276,900	\$0	10 years 0% Int	Paid	Being used to assemble 30 acres for the Seaway Industrial Park	0
1/16/2001	Jackson	\$1,000,000	\$0	7 years 0% Int	Paid	Being used to assemble property for Consumer Energy's downtown campus	750
7/9/2001	Detroit	\$2,000,000	\$2,000,000	-	Not current ¹	Being used to assemble 183 acres for the I-94 Industrial Park	200
8/20/2001	Bay City	\$255,000	\$0	10 years 0% Int	Paid	Being used to acquire commercial property for hotel/conference center	146
7/31/2002	Detroit	\$150,000	\$0	10 years 0% Int	Paid	Being used to acquire commercial property for residential units	N/A ²
8/27/2004	Sturgis	\$200,000	\$53,692	10 years 0% Int	Current	Being used to assemble 3 acres of land for Americraft Carton	0
4/7/2005	White Cloud	\$160,000	\$50,672	10 years 0% Int	Current	Being used to assemble commercial property in DDA for medical facility	0
10/10/2005	Corunna	\$450,000	\$230,000	10 years 0% Int	Current	Being used to acquire property in DDA for Chemical Bank & county development	0
11/4/2010	Benton Harbor	\$3,000,000	\$2,938,252	10 years 1% Int	Current	Being used to acquire approximately 12 acres by DDA for Whirlpool office project	0

¹ As of December 2012, MSF has been renegotiating the terms of the loan with the City of Detroit. When negotiations are complete and the property has been sold, Detroit will commence repayment at \$50,000 per year for nine years and a balloon payment in year 10.

² Job Creation is one of eight criteria used to evaluate ULA projects. This project was approved based on residential units and not job creation.