

MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD
October 18, 2011

ADOPTED MEETING MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, October 18, 2011, at the Michigan State Housing Development Authority (MSHDA), 735 E. Michigan Avenue, Lansing, Michigan

MEMBERS PRESENT: Cullen DuBose, Ruth Duquette (acting for and on behalf of John Nixon, designation attached), Tim Herman, Mike Jackson, Andrew Lockwood (acting for and on behalf of Andy Dillon, designation attached), Bill Martin

MEMBERS ABSENT: Michael Finney

CALL TO ORDER: Mr. Lockwood called the meeting to order at 10:00 a.m.

APPROVAL OF MINUTES: Mr. Lockwood asked for a motion to approve the September 13, 2011 meeting minutes. **Mr. Martin made a motion for approval of the minutes. Mr. Herman seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

PUBLIC COMMENT: Mr. Lockwood asked if there was any public comment. There was none.

EXECUTIVE COMMITTEE REPORT: Mr. Lockwood 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.

Cullen DuBose arrives at 10:10 a.m.

PROPOSED RURAL MEGA CREDITS

Resolution 2011-118 – Quad/Graphics, Inc.

Robert Wilson, Project Specialist, and Dusty Duistermars, Project Manager, provided background information on this action item and introduced guest speakers: Patrick Henderson, Director of Government Affairs, Quad/Graphics; Chris Schastok, Jones Lang LaSalle; Eric Stavriotis, Jones Lang LaSalle; Carol Miller, Midland Tomorrow.

Mr. Henderson provided the Board with background information on this project. Quad/Graphics will expand operations at its Midland, Michigan facility. The company is attempting to reconfigure its North American portfolio to improve operating efficiency and lower operating expenses. Ms. Miller stated both Midland Tomorrow and the City of Midland have pledged their support for this project. The City of Midland anticipates the approval of tax abatements under PA 198. Mr. Wilson further informed the Board that the company plans to invest approximately \$1,100,000 and create 152 jobs over the next five years.

Recommendation: Staff recommends a 75% rural employment tax credit for 5 years for up to 152 net new employees in excess of the company's established base of 303.

Board Discussion: Ms. Campbell stated the project is contingent upon the approval of the PA 198 by the City of Midland. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Martin motioned approval for Resolution 2011-118. Ms. Duquette seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED STANDARD MEGA CREDITS

Resolution 2011-119 - priceline.com Incorporated

Marcia Gebarowski, Project Specialist and Toni Brownfield, Manager, Michigan Retention and Growth, provided background information on this action item and introduced guest speakers: Cindy Elenbaas, Site Director, priceline.com; Sue Jackson, Vice-President, Right Place; Barbara VanDuren, City of Wyoming, Economic Development.

Ms. Elenbaas provided the Board with an overview of the project. In 2008, priceline.com established a call center for Booking.com at an existing facility in Wyoming, Michigan. The call center was an expansion of existing global operations including a sales office located in Manhattan, New York and a sales and service office located in San Francisco, California. The company received a seven year MEGA credit for the Wyoming project. As a result of market strategy and global growth, the company must expand beyond the scope of the initial project. In support of this project, the City of Wyoming approved a ten year PA 328 property tax abatement for the company's project in 2008. The 2008 approval by the City will allow abatement of all new personal property attributed to this project. Both Ms. Jackson and Ms. VanDuren thanked staff of the MEDC for their support of this project. Ms. Gebarowski further stated the company plans to invest approximately \$300,000 and create 562 jobs.

Recommendation: Staff recommends a 100% standard employment tax credit for three years for up to 562 net new employees in excess of the company's established base of 424.

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Lockwood asked if there were any questions from the Board. **There being none, Mr. Jackson motioned approval for Resolution 2011-119. Mr. Martin seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED MEGA CREDIT AMENDMENTS

Resolution 2011-120 – ESI North America, Inc.

Shane Schamper, MEGA Analyst, provided background information on this action item.

A 100% High-Tech MEGA Credit for ten years was awarded to the company on November 24, 2008. Soon after the MEGA was granted, ESI acquired a new company, Mindware Engineering, Inc. On October 26, 2010 the MEGA Board approved an increase to the base number from 32 to 57 full-time employees and permitted Mindware Engineering to be added as a related entity for base employment level purposes only. The Company will, therefore, be creating New Jobs under the Mindware Engineering name and EIN.

Recommendation: Staff recommends that Mindware Engineering, Inc. be added as an Affiliated Business for Qualified New Job purposes.

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-120. Ms. Duquette seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2011-121 – Meijer Distribution, Inc.

Shane Schamper, MEGA Analyst, provided background information on this action item and introduced guest speakers: Kurt M. Brauer, Partner, Warner Norcross & Judd LLP; Daniel Wert, Director of Property Management, Meijer; Kenneth Krombeen, City Manager, City of Grandville,

Mr. Brauer provided the Board with an overview of the project. A 100% Standard MEGA Credit for eight years was awarded to Meijer Distribution, Inc. on March 23, 2009. The project location was set for

Berlin Charter Township. The Township approved both P.A. 198 and P.A. 328 tax abatements. Meijer is now considering expanding operations in the City of Grandville and requesting inclusion of this location toward the creation of Qualified New Jobs. This facility will process varieties of bulk food items. Mr. Schamper further stated the facility is expecting to create an additional 35 jobs.

Recommendation: Staff recommends that the Standard MEGA tax credit that was awarded to Meijer Distribution, Inc. be amended to include the additional facility in Grandville and add the following contingency language: “The City of Grandville, Kent County, approves a tax abatement for personal property related to the Project.” All other aspects of the original MEGA remain unchanged.

Board Discussion: Ms. Campbell stated the contingency for this project will be the inclusion of the language whereby the City of Grandville will approve abatement for personal property related to this project. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Martin approval for Resolution 2011-121. Mr. Jackson seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2011-122 – Perrigo Company

Shane Schamper, MEGA Analyst, provided background information on this action item:

A 100% Standard MEGA Credit for twelve years was awarded to Perrigo Company on July 15, 2008. The Company’s original application incorrectly included 103 employees that were not eligible full-time employees, as defined by the MEGA Act. As a result, the Company incorrectly reported a Base Employment level of 2,569 rather than the correct level at 2,466. Considerable progress has been made on the capital investment and the Company anticipates that the overall employment levels will reach an additional 400 employees over the five years from the date of application. Program Administration along with Compliance Review team has reviewed and confirmed that the employees included in the base did not meet the statutory requirements.

Recommendation: Staff recommends that the Base Employment level be correctly set at 2,466. All other aspects of the original MEGA remain as is.

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-122. Mr. Martin seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED BROWNFIELD WORK PLAN

Resolution 2011-123 – Eaton Steel

Marcia Gebarowski, Project Specialist, and Clarinda Barnett-Harrison, Business Development Manager, provided the Board with background information on this action item and introduced guest speakers: Jeff Goodman, Vice President, Finance, Eaton Steel; Glen Huber; CFO, Eaton Steel; Lynda Earhart, Oakland County; Richard Barr, Honigman Miller Schwartz.

Mr. Huber provided the Board with background information on this project. The company is experiencing continued growth in the non-automotive sectors of their business and is realizing an increase in market demand for steel. The company expects to expand their operation in the city of Oak Park. Mr. Goodman further explained that the expansion will allow for added capacity to their steel bar cutting operations, as well as storage and retrieval operations at their Oak Park facility. Both Ms. Earhart and Mr. Barr thanked MEDC staff and the MEGA Board for their support for this project. Ms. Gebarowski further explained that the total capital investment will be approximately \$9.5 million.

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

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Lockwood asked if there were any questions from the Board. Their being none, **Ms. Duquette motioned approval for Resolution 2011-123. Mr. Martin seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

Resolution 2011-124 – Queen Lillian Medical Office Building Project

Stacy Esbrook, Program Specialist-Brownfield, provided the Board with background information on this action item and introduced guest speakers: Mariangela Pledl, Detroit Brownfield Redevelopment Authority; David Howell, Managing Director, Legacy Advisor; LLC, Kim Cote, Principal Associate; Zachary and Associates, Inc.; Jim Jenkins, Queen Lillian LLC

Ms. Esbrook provided the Board with an overview of the project. Mr. Cote provided a description of the project. The project will construct a five story class “A” medical office building and 139 space surface parking lot. Wayne State University School of Medicine’s Department of Psychiatry will be the primary tenant and will lease space from the developer. Ms. Esbrook further advised the Board that the Economic Development Corporation of the City of Detroit will issue up to \$290 million in Taxable Lease Revenue Bonds in order to finance the project.

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

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. DuBose motioned approval for Resolution 2011-124. Mr. Herman seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

PROPOSED BROWNFIELD MBT CREDIT AMENDMENT

Resolution 2011-125 – Lurvey White Ventures I, LLC

Dan Wells, Program Specialist-Brownfield, provided the Board with background information on this action item. The project was originally approved December 14, 2010 to redevelop the Michigan School for the Deaf. The amendment request is to add a Qualified Taxpayer, Lurvey White Ventures 2, LLC, and to change the project into a multiphase. The separation of the project into distinct entities will enable Lurvey White Ventures I, LLC to complete eligible investments which have begun and request Phase I portion of credits without being delayed by Phase 2 investments.

Recommendation: Staff recommends approval of the Brownfield MBT Credit amendment request to add Qualified Taxpayer Lurvey White Ventures 2, LLC and allowing this project to be completed in two phases.

Board Discussion: Ms. Campbell stated there were no contingencies for this project. Mr. Lockwood asked if there were any questions from the Board. There being none, **Mr. Herman motioned approval for Resolution 2011-125. Mr. Martin seconded the motion.** The motion carried – 6 ayes; 0 nays; 0 recused; 1 absent.

Meeting adjourned at 10:49 a.m.



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

RICK SNYDER
GOVERNOR

JOHN E. NIXON, CPA
DIRECTOR

March 10, 2011

Michigan Economic Growth Authority
300 North Washington Square
Lansing, MI 48913

To Whom It May Concern:

I hereby designate Ruth Duquette, Office of Financial Management, State Budget Office, to represent me at the Michigan Economic Growth Authority Board meetings when I am unable to attend.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Nixon".

John E. Nixon, CPA
State Budget Director
Director, Department of Technology, Management and Budget



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

ANDY DILLON
STATE TREASURER

June 22, 2011

Michigan Economic Growth Authority Committee
MEDC Office
300 North Washington Square
Lansing, MI 48933

To Whom It May Concern:

I hereby designate Andrew Lockwood, to represent and serve at any MSF Board Meeting I am unable to attend during the 2011 calendar year."

Sincerely,

A handwritten signature in cursive script that reads "Andy Dillon".

Andy Dillon
State Treasurer

Cc: Andrew Lockwood