ADOPTED MINUTES

A meeting of the Michigan Economic Growth Authority (MEGA) board was held at the Michigan Economic Development Corporation, 300 North Washington Square, on October 16, 2007 at 10:00 a.m.

<u>Members Present</u>
Keith Cooley
Jim Epolito
Baldomero Garcia
Andrew Lockwood (acting on behalf of Robert Kleine, authorization attached)
Jackie Shinn (acting on behalf of Kirk Steudle, authorization attached)

<u>Call to Order</u>

Jim Epolito called the meeting to order at 10:06 a.m.

<u>Approval of Minutes from October 8, 2007</u>

After review, a motion was made, supported and carried that board meeting minutes from the October 8, 2007, meeting be adopted.

<u>Public Comment</u>

There was no public comment.

<u>ACTION ITEM</u>

Camshaft Machine Company, LLC
717 Woodworth Road
Jackson, Michigan 49202

Tracy Freeman introduced Mike Easterday and Joe Battles with Camshaft Machine Company, LLC, The Honorable Gene Wallace and William Stewart from the City of Coldwater, along with Linden Cox from the Branch County Economic Growth Alliance. Mr. Easterday described the company for the board. Camshaft Machine Company is a manufacturer of camshafts, primarily in the automotive markets. The majority of the company's customers are in the camshaft aftermarket or in automotive prototype, racing, and service and parts organizations. Originally founded in Jackson in 1942, the company was family owned and privately held until it was sold to Crane Technologies in 1994. Crane sold the company to Federal-Mogul in 1999. Current ownership bought the company from Federal-Mogul in 2002. Since this purchase, employment has almost doubled and annual revenues have tripled. Camshaft Machine Company currently employs 88 associates in Michigan.

Mayor Wallace discussed the local contribution for the board. The City of Coldwater has proposed a 50% abatement of the company's new personal property taxes under PA 198 for six years and new real property taxes for three years. The property tax abatement application is scheduled to be placed on the agenda for a public hearing on October 22, and presented to city council at its November 14 meeting. The estimated value of this abatement is $182,000.

Toni Brownfield provided additional information about the project for the board. Camshaft Machine Company is considering relocating its Blackman Township (Jackson County) facility to Coldwater (Branch County) Michigan or Logansport, Indiana. The Blackman Township facility will be phased down over time and eventually closed. When the company relocates, all employees in good standing will be offered the opportunity to transfer to Coldwater.

The company is currently housed in an old energy-inefficient building that has had numerous additions over the years that are lean manufacturing prohibitive. With a newer building that is both energy and production efficient, the company plans to significantly increase its sales in its primary automotive markets as well as expand into marine and stationary engine applications.

The company is considering a two-phased project. The first phase includes a 3-year lease of an 80,000 square foot building located in the City of Coldwater and an initial investment of $1.4 million, including lease payments. The second phase of the project is the construction of a new 140,000 square foot building, in Coldwater, for occupancy in 2011. The investment required for the second phase of the project is $9.5 million. Over the next five years, the company anticipates adding 180 new jobs with an average weekly wage of $687.

It is estimated that this facility will create a total of 427 jobs in the state by the year 2014. It is also estimated that the project would increase total state government revenues through the year 2014, by $6.8 million due to the expansion.

Camshaft Machine Company, LLC is considering relocating its entire Blackman Township operation to Logansport, Indiana. When comparing the Michigan and Indiana locations, the company estimates that wage rates in Indiana are significantly lower. In addition, the State of Indiana has offered up to $7 million in incentives.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent rural employment tax credit for seven years, for up to 180 net new employees, should at least 50 new jobs be created.

Board Discussion

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

Keith Cooley stated that Camshaft Machine Company, LLC was not in good standing with the Department of Labor and Economic Growth (DLEG) and asked that the tax credit be approved contingent upon the company clearing up this issue with DLEG.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-80, authorizing a MEGA tax credit for Camshaft Machine Company, LLC, was adopted provided that Camshaft Machine Company, LLC take the necessary action with the Department of Labor and Economic Growth to obtain Certificates of Restoration for 2005 and 2006.

ACTION ITEM

NEAPCO Driveline LLC
740 Queen Street
Pottstown, Pennsylvania 19464

Frank Ferro introduced J. Robert Mangini with NEAPCO, LLC, Kurt M. Brauer with Bodman, LLC, along with Cindy King and Bryce Kelley from the Charter Township of Van Buren. Mr. Mangini described the company for the board. NEAPCO Driveline LLC is a wholly-owned subsidiary of NEAPCO, LLC. The company was formed to purchase a portion of the assets owned by Automotive Component Holdings, LLC (ACH). ACH was formed to market former Ford Motor Company/Visteon Corporation facilities.

The New England Auto Products Corporation (NEAPCO) of Hartford, Connecticut was acquired and moved to Pottstown, Pennsylvania in 1928. NEAPCO produces both original equipment and aftermarket parts for the automotive, farm, off-road, truck and lawn and garden industries. NEAPCO currently has approximately 525 employees located in Pennsylvania, Nebraska, California, and Mexico. The company also has one employee in Michigan.

The ACH Monroe facility has approximately 1,200 employees who produce several disparate automotive product lines. ACH has announced that this facility will close and has marketed the facility's operations with the anticipation that each product line will be sold separately and will be dispersed to multiple facilities by the purchasers.

Ms. King discussed the local contribution for the board. Van Buren Charter Township has proposed and will consider a 50 percent, 11-year abatement of the company's property taxes related to investments in new personal property at its October 16 council meeting. This abatement has an estimated value of $244,000.

Amy Banninga provided additional information about the project for the board. NEAPCO is proposing to purchase the drivetrain components business line, and move the related assets and operations to an existing building in Van Buren Charter Township. The company will invest approximately $29.4 million initially to purchase the ACH business, update the equipment, and lease the facility. NEAPCO anticipates that it will create up to 285 new jobs with an average weekly wage of $917.

It is estimated that this facility will create a total of 1,007 jobs in the state by the year 2014. It is also estimated that the project would increase total state government revenues through the year 2014, by $23.2 million due to the location of this operation.

Currently, NEAPCO Driveline is evaluating moving this operation to Van Buren Charter Township or expanding its existing facility in Beatrice, Nebraska, where wage and benefits costs are considerably lower.

Recommendation

The Michigan Economic Development Corporation recommends a 100 percent standard employment tax credit for seven years, for up to 285 net new employees, should at least 200 new jobs be created.

Board Discussion

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

Hearing no further discussion, a motion was made and supported, and Resolution 2007-81, authorizing a MEGA tax credit for NEAPCO Driveline, LLC, was adopted.

ACTION ITEM

Aernnova Engineering US, Inc.
TBD (Pittsfield Township)
Ann Arbor, MI

Amy Banninga described the project for the board. Last month, the MEGA Board authorized a 100 percent high tech employment tax credit for 15 years to Aernnova Engineering US, Inc. to locate a new engineering services operation and potentially a manufacturing facility in Pittsfield Township. The company expected to create approximately 450 jobs in the first five years of operations, paying an average weekly wage of $1,234.

In the process of finalizing the MEGA credit agreement, the company expressed the belief that its wage requirement to collect the credit would be three hundred percent of federal minimum wage, as is required by the MEGA legislation. However, the company did not understand that the minimum average weekly wage for the project would be established based on the estimated average weekly wages provided in its MEGA Application.

Although they feel their estimates were prepared in good faith, using publicly available data sources, they do not have independent knowledge of the accuracy or reliability of these sources, nor whether they may be somewhat aggressive or conservative. Being a foreign company and new to the US market, they wish to address the relevant labor market as they find it, without any intent to under compensate, but also without artificial pressures to overcompensate.

They also intend to make maximum use of new graduates from universities and colleges in the area, as circumstances may permit. Furthermore, 150 of the jobs to be created may be manufacturing jobs that will be at a lower pay than the engineering jobs created in the initial years of the credit. If these manufacturing jobs are created, the company's average wage could be diluted. Therefore, the company has requested a reduction in the minimum Average Weekly Wage requirement to $1,000.

Recommendation

Staff recommends that the MEGA Board authorize this change in the minimum average weekly wage requirement to $1,000 for Aernnova Engineering US, Inc.

Board Discussion

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

Hearing no further discussion, a motion was made and supported, and Resolution 2007-82, authorizing a high-tech MEGA tax credit for Aernnova Engineering US, Inc., was adopted.

ACTION ITEM

Marathon Petroleum Company, LLC
539 South Main Street
Findlay, Ohio 45840

Ben Mason introduced William Schedel and Germaine Dickens with Marathon Petroleum Company, Richard Barr with Honigman, Miller, Schwartz and Cohn, LLP, along with Art Papapanos with the Detroit Economic Growth Corporation. Mr. Schedel described the project for the board. The proposed project is an expansion of an existing Marathon Petroleum Company refinery located in the City of Detroit. The project includes the addition of new and upgraded refining equipment located on 17.1 acres of property currently owned by Marathon. The project on the brownfield site is expected to cost approximately $750 million, with a total project cost of approximately $1.5 billion. The project is designed to add capacity and aid in the processing of heavy Canadian Crude Oil and other crude oil feedstock. The modernization and upgrades will enable the plant to assist in stabilizing the supply of motor oil and fuel for the region, shifting dependence away from off-shore oil supplies.

The proposed modernization and expansion will create approximately 60 new full-time refinery jobs with an average hourly wage of $33.02 plus benefits; and approximately 75 new full-time, specialized (non-construction related) contractor positions averaging $55.94 per hour plus benefits. The refinery currently has 320 employees, with approximately 200 craft and operating personnel represented by Teamsters' Local #283.

Mr. Papapanos discussed the local contribution for the board. The City of Detroit approved a 100% PA 328 tax abatement on new personal property for 23 years on October 9, 2007. The estimated value of this abatement is $167 million.

Toni Brownfield provided additional information about the project for the board. The property is located within the boundaries of the City of Detroit, a qualified local governmental unit and has been deemed a facility, as verified by Department of Environmental Quality. The property is the subject of a Brownfield Plan, duly approved by the City of Detroit on October 9, 2007.

The investment creates approximately 60 new positions at Marathon Petroleum Company, LLC and approximately 75 new contractor positions which are permanent, full time positions not associated with construction. The City of Detroit's unadjusted unemployment rate was 15.1% in August 2007. This compares to the statewide seasonally adjusted average of 7.4% in August 2007.

Marathon Petroleum Company, LLC is investing approximately $1.5 billion in expanding refinery capacity at the site. The payroll costs for the refinery workforce, including benefits, are estimated at $40 million.

Brownfield SBT Credits are based on several criteria outlined in the statute. These criteria have been met.

The eligible investment to be undertaken by Marathon Petroleum Company, LLC includes:

Site Improvements	$ 15,000,000
New Construction	443,000,000
Addition of Machinery & Equipment	+ 292,000,000
TOTAL	**$ 750,000,000**

Recommendation

The Brownfield Redevelopment staff recommends approval of a MEGA Brownfield Redevelopment SBT Credit of 10% of the eligible investment, not to exceed a $10,000,000 credit.

Board Discussion

Faye Alexander Nelson gave the Executive Committee report. The Executive Committee recommends approval of the brownfield SBT redevelopment tax credit.

Jackie Shinn asked if the company has addressed environmental concerns of the surrounding neighbors. Mr. Schedel explained that the company has had two open house meetings for the surrounding areas as well as spent time in the communities. The company has installed four air monitors to monitor the air quality around the plant, will routinely sweep the streets to pick up particles, and is working with the Detroit Public Schools to address concerns that were raised.

Keith Cooley asked what steps the company will be taking to fill the positions that will become available as a result of this project. Mr. Schedel stated that they will be working with the local workforce development board for the construction jobs to create opportunities within the community.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-83, authorizing a brownfield redevelopment tax credit for Marathon Petroleum Company, LLC, was adopted.

ACTION ITEM

Detroit Brownfield Redevelopment Authority
Detroit, Michigan

Jim Paquet introduced Art Papapanos and Scott Veldhuis with the Detroit Economic Growth Corporation. Mr. Veldhuis described the project for the board. The project is the demolition of Tiger Stadium in Corktown west of Detroit's Central Business District. The project will involve removal of the abandoned stadium structure and its foundation, ancillary buildings, surrounding pavement and sidewalks, obsolete infrastructure, and removal of contaminated materials. Utilities will be relocated or installed to serve the future development and adjacent streets will be resurfaced.

Jim Paquet provided additional information about the project for the board. The property is a facility with soil and groundwater concentrations of arsenic, barium, cadmium, chromium, lead, mercury, and other contaminants in excess of MDEQ Residential Cleanup Criteria.

The project will make way for a $20 million mixed-use retail and residential redevelopment. The ball field may be retained as a public attraction and recreational amenity if a non-profit entity can be identified to develop and maintain it. An early conceptual plan includes 90 to 100 residential lofts and condominium units and 30,000 to 40,000 square feet of commercial space. The retail/commercial component would create 70 jobs. The unemployment rate (unadjusted) for the City of Detroit was 15.1% in August 2007, more than double the statewide rate of 7.4% in the same period.

The 9.5 acre site consists of two parcels owned by the city. It is expected that the property will be conveyed to the Detroit Economic Development Corporation which will issue a Request for Proposal to develop the site.

The project is located within the boundaries of the city of Detroit, a qualified local governmental unit and has been deemed a facility, as verified by the Department of Environmental Quality. The property is the subject of a brownfield plan, duly approved by the city of Detroit on September 18, 2007.

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

A work plan will be submitted to the DEQ requesting state tax capture for reimbursement of approximately $60,000. It has not yet been determined whether a Neighborhood Enterprise Zone will be created for the redevelopment.

COST OF MEGA ELIGIBLE ACTIVITIES:

Demolition	$ 2,090,000
Infrastructure Improvements	600,000
Site Preparation	+ 200,000
Subtotal	$ 2,890,000
Work Plan Preparation	+ 5,000
TOTAL	$ 2,895,000

This project includes both residential homestead housing and commercial space. Approximately 75% of the project taxable valuable is related to the residential portion and the remaining 25% to the commercial. In addition, the residential component includes a Neighborhood Enterprise Zone (NEZ) until the year 2023. During the NEZ, there are approximately 11.85 mills available for capture, with school tax capture being 1.54 mills (13%) and local mills totaling 10.31 mills (87%). When the NEZ expires total mills will increase to 47.5533, with the same school to local ratios as the NEZ time period. For the commercial portion of the project, there are approximately 65.5533 mills, with state school tax capture equal to 24 mills (37%) and local capture equal to 41.5533 mills (63%). The combined tax capture breaks down as follows:

RESIDENTIAL (NEZ until 2023)	
School tax capture (13%)	$ 195,842
Local tax capture (87%)	$ 1,341,432
TOTAL	$ 1,537,274
RESIDENTIAL (Post NEZ)	
School tax capture (13%)	$ 80,300
Local tax capture (87%)	$ 556,330
TOTAL	$ 636,630
COMMERCIAL	
School tax capture (37%)	$ 264,053
Local tax capture (63%)	$ 457,043
TOTAL	$ 721,096

<u>OVERALL</u>	
School tax capture (18.7%)	$ 540,195
Local tax capture (81.3%)	<u>$ 2,354,805</u>
TOTAL	$ 2,895,000

<u>Recommendation</u>

The Brownfield Redevelopment staff recommends approval of local and school tax capture for the eligible activities totaling $2,895,000, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at $540,195.

<u>Board Discussion</u>

Faye Alexander Nelson gave the Executive Committee report. The Executive Committee recommends approval of the requested local and state tax capture.

Mr. Papapanos asked the board if the City of Detroit could be reimbursed for the interest expenses related to this project. Jim Epolito stated that the board would consider the request.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-84, authorizing the capture of local and school operating taxes for the City of Detroit Brownfield Redevelopment Authority for the Tiger Stadium redevelopment project was adopted.

<u>ACTION ITEM</u>

Mid Towne Village, LLC
2618 East Paris Avenue, SE
Grand Rapids, MI 49546

Peter Anastor introduced David Levitt with Mid Towne Village, LLC, Jim Enright with Miller Johnson, along with Kara Wood from the City of Grand Rapids Economic Development Department. Mr. Anastor described the project for the board. The MEGA Board approved an Act 381 work plan for this project on July 13, 2004 and a Large SBT Brownfield Redevelopment Tax Credit on August 17, 2004. The original project included the demolition of forty-two blighted residential properties, the development of new public infrastructure, construction of four new office buildings and construction of one residential building and associated parking and landscaping.

The applicant is now requesting that the project be amended to change the status of the project to multiphase, and to change the original five year completion requirement to allow for a total of ten years as provided for in subsection (32) of MCL 208.38g. In addition, the applicant is also seeking to amend the TIF resolution to extend the three-year completion requirement for the eligible activities to allow for an additional two (2) years. The applicant has indicated a delay in project development was the cause for this request.

The proposed multi-phase project would include a total of four phases. There are no significant changes to the overall scope of the project. However, the square footage of one of the buildings has significantly increased and the location of some of the buildings has changed slightly. The phasing will consist of the following:

Phase I

Phase I will consist of the demolition, installation of public infrastructure and construction of Building D and the associated parking. This building is completed and has an approximate cost of $3.8 million. A prorated credit of $200,000 is recommended for the completion of this phase.

Phase II

Phase II will consist of the construction of Buildings B (Women's Health) and F (Park Row residential) and the associated parking and green area. This phase is expected to be completed by December 31, 2008 at an estimated cost of $28 million. The original parking deck proposed for Building B was to allow for 160 cars. Due to the significant increase in the size of the building, the deck has been expanded to accommodate up to 400+ cars. A prorated credit of $1.1 million is recommended for the completion of this phase.

Phase III

Phase III will consist of the construction of Building A and associated parking at an estimated cost of $13 million. The original parking deck proposed for this building was to allow for 150 cars but has since been expanded to allow for 200. A prorated credit of $500,000 is recommended for the completion of this phase. The expected completion date is not set at this point as the developer continues to seek tenants for this space.

Phase IV

Phase IV will consist of the construction of Building C at an estimated cost of $3.8 million. A prorated credit of $200,000 is recommended for the completion of this phase. The expected completion date is not set at this point as the developer continues to seek tenants for this space.

The original estimated eligible investment was to be approximately $31.6 million. The revised eligible investment will be approximately $48 million. The amount of the credit will not change from the $2,000,000 that was originally approved.

ELIGIBLE INVESTMENT BREAKDOWN:

Eligible investment to be undertaken by Mid Towne Village, LLC and unknown lessee(s):

New Construction (Phase I)	$ 3,800,000
New Construction (Phase II)	$ 28,000,000
New Construction (Phase III)	$ 13,000,000
New Construction (Phase IV)	$ 3,800,000
TOTAL	$ 48,600,000

Recommendation

The MEDC recommends approval of the SBT amendment request to change the project to a multiphase designation and allow for an additional five (5) years to complete the four phases described above. In addition, the MEDC recommends maintaining the MEGA SBT Brownfield Redevelopment Credit of 10% of the eligible investment not to exceed $2,000,000 based on the prorated amounts listed above.

The MEDC also recommends approval of the TIF amendment to allow for an additional two (2) years to complete the approved eligible activities.

Board Discussion

Faye Alexander Nelson gave the Executive Committee report. The Executive Committee approval of the requested tax capture amendment.

Hearing no further discussion, a motion was made and supported, and Resolution 2007-85, authorizing an amendment to Resolution 2007-47 authorizing a brownfield redevelopment tax credit for Mid Towne Village, LLC, was adopted.

A motion was made and supported, and Resolution 2007-86, authorizing an amendment to Resolution 2004-42 authorizing the capture of local and school operating taxes for City of Grand Rapids Brownfield Redevelopment Authority for the Mid Towne Village, LLC redevelopment project was adopted.

ACTION ITEM

Board Action to recognize Karen Ammarman, Secretary of the MEGA Board

Jim Epolito, citing this as Ms. Ammarman's final board meeting, requested a motion to thank Karen Ammarman for her years of service to this board, and to honor her for her years of service to the people of the State of Michigan. After discussion and congratulations to Ms. Ammarman, a motion was made and supported and Resolution 2007-87, in honor and gratitude to Ms. Karen Ammarman, was adopted.

ACTION ITEM

Board Action to appoint new Board Secretary

After discussion with regard to the need to appoint a new secretary to the board, a motion was made and supported, and Resolution 2007-88, designating Peter Anastor to act as Secretary to the MEGA Board, with full signature and approval authorities, was adopted.

The meeting was adjourned at 11:12 a.m.

The next regularly scheduled board meeting is November 13, 2007.