

**MICHIGAN ECONOMIC GROWTH AUTHORITY BOARD**  
**October 26, 2010**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Economic Growth Authority (MEGA) Board was held on Tuesday, October 26, 2010 at the Lansing Center, Banquet Rooms 7 & 8, 333 East Michigan Avenue, Lansing, Michigan.

**MEMBERS PRESENT:** Douglas Buckler; Susan Corbin (acting on behalf of Andrew Levin, authorization attached); Baldomero Garcia; Tim Herman; Robert Kleine; Greg Main (non-voting member); Laura Mester (acting on behalf of Bob Emerson, authorization attached)

**MEMBERS ABSENT:** Cullen DuBose

**CALL TO ORDER:** At 10:03 Governor Granholm entered the room and thanked the companies and communities in attendance. She spoke about the meeting being the largest in the history of the MEGA program. The Governor commended the MEDC for thinking creatively in order to help retain a solid auto industry in Michigan. Gov. Granholm congratulated the City of Sterling Heights—the largest single recipient of businesses potentially to be awarded tax credits at the meeting. The Governor continued to cite that 220,000 jobs are saved and over \$2 billion dollars are planned to be invested in Michigan. Gov. Granholm asked representatives from each company to join her for a moment outside of the meeting. Treasurer Kleine called the meeting to order at 10:05 a.m.

**APPROVAL OF MINUTES:** Treasurer Kleine asked for a motion to approve the September, 14, 2010 meeting minutes. **Mr. Buckler motioned approval of the minutes. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent

**PUBLIC COMMENT:** Treasurer Kleine asked if there was any public comment. There was none.

**PROPOSED BROWNFIELD WORK PLAN APPROVAL:**

**Resolution 2010-161: Washtenaw County – Deli Partners, L.L.C. Redevelopment Project**  
*Deborah Stuart, MEDC Community Assistance Specialist, provided background information and introduced the guest presenters; Kurt Brauer, Legal Representatives of Deli Partners, LLC., Warner Norcross & Judd; Gary A. Bruder, Owner's Representative for Deli Partners, LLC; Brett Lenart, Project Manager, Washtenaw County Economic Development and Energy Department; Matt Naud, Environmental Coordinator City of Ann Arbor; and Grace Singleton, Managing Partner of Zingerman's Delicatessen, Inc. and Member of Deli Partners, LLC.*

Ms. Singleton thanked the Board and the MEDC. She spoke of trying to be an incubator for other entrepreneurs and how the project, of expanding Zingerman's Delicatessen, involved four historic buildings being preserved. The only building that will be demolished is one that sustained fire damage. She talked about the damaged building being the site for the expansion. Mr. Naud thanked the Board and spoke about Zingerman's Deli being the number two destination in Ann Arbor. He stated that the new construction was LEED certified.

*Katharine Czarnecki, MEDC Community Assistance Manager, provided additional information and recommendations.*

Ms. Czarnecki spoke about the \$829,291 of local and school tax capture for MEGA eligible activities, how 65 jobs are anticipated with an average hourly wage of \$16.00 per hour, and capital investment of approximately \$6.7 million for the project.

**Recommendation:** MEDC Staff recommends approval of local and school tax capture for the MEGA eligible activities totaling \$829,291, described above. Utilizing the current state to local capture ratio, the amount of school tax capture for this project is estimated at \$398,060.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Brownfield Work Plan and recommends approval. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-161. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

#### **PROPOSED HIGH-TECH MEGA CREDITS:**

##### **Resolution 2010-162: Cequent Performance Products, Inc. (CPPI)**

*Jeff Sand, MEDC Business Development Manager, provided background information and introduced the guest presenters; Terry Simons, Tax Director, TriMas Corporation; Dave Watz, Vice President, Finance, CPPI; and Jim Paquet, Development Officer, Wayne County EDGE.*

Mr. Watz thanked the Board and the MEDC. He spoke about TriMas Corp. being the parent company and CPPI's need for expansion and their three divisions; 1) tow; 2) trailering; and 3) electrical and brake controls. Mr. Paquet stated that both the township and the county are supportive of the project.

*Stacy Bowerman, MEDC Portfolio and Packaging Analyst, provided additional information and recommendations.*

Ms. Bowerman spoke about 60 jobs being created with an average weekly wage of \$1,050 and a proposed capital investment of approximately \$3.4 million.

**Recommendation:** MEDC Staff recommends a 100 percent high-technology employment tax credit for six years for up to 60 net new employees in excess of the company's established base of 170.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Karla Campbell, MEGA Board Secretary pointed out that there was one contingency—approval of a 12 year (PA 198) tax abatement by Plymouth Charter Township. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-162. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

##### **Resolution 2010-163: Creative Foam Corporation (CFC)**

*Tom Young, MEDC Business Development Manager, provided background information and introduced the guest presenters; Bruce Graham, Vice President, Creative Foam; and Mayor Osborn, City of Fenton.*

Mr. Graham spoke about the company which is primarily focused on making components for the wind industry. Mayor Osborn spoke about CFC being an asset to the community for 25 years.

*Marcia Gebarowski, MEDC Project Specialist, provided additional information and recommendations.*

Ms. Gebarowski spoke about the project creating 63 jobs with an average weekly wage of \$500 and a capital investment of approximately \$1.5 million.

**Recommendation:** MEDC Staff recommends a 100 percent high-technology employment tax credit for five years for up to 63 net new employees in excess of the company's established base of 366.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 328) tax abatement for up to 5 years by the City of Fenton. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-163.**

**Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-164: Dokka Fasteners Inc. (DFI)**

*Michelle Elder, MEDC Business Development Manager, provided background information and introduced the guest presenters; Marc Strandquist, Managing Director, DFI; Brian Becker, Project Manager, DFI; Lynda Earhart, Planning and Economic Development, Oakland County; Laurie Johnson, City of Auburn Hills; Mark King, Manager, DTE Energy; and Peggy Black, Principal Account Manager, DTE Energy.*

Mr. Becker spoke about Michigan competing against Illinois, Indiana, and Missouri, then added that Michigan's wind farm community won. Ms. Johnson spoke about the City of Auburn Hills planning to pass PA 198 and PA 328 tax abatements next month. Ms. Earhart thanked Marc, Brian and the MEDC for their strong assistance. She also stated her appreciation for OCC's and DTE's support of the project. Mr. Main talked about the project representing the strategy of building the wind industry supply chain—filling a large gap in the industry and helping Michigan to be the center of wind manufacturing. Mr. Main thanked DFI. Treasurer Kleine asked if there were other factors that Michigan provided apart from the tax credits. Mr. Becker responded and spoke of the existence of only four hot metal centers; Chicago, IL; Rockford, IL; Cleveland, OH; and Detroit, MI. Mr. Becker praised the labor force available in Michigan.

*Marcia Gebarowski provided additional information and recommendations.*

Ms. Gebarowski spoke about the company's plan to invest \$21 million and create 90 jobs with an average weekly wage of \$889.

**Recommendation:** MEDC Staff recommends a 7 year high-technology employment tax credit for this project. The credit percentage will be 200% for years 1-3 and 100% for years 4-7 for up to 90 net new employees in excess of the company's established base of 0, including a look-back period defined as up to 90 days prior to the execution of the credit agreement.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there were two contingencies—approval of a (PA 198) tax abatement for 5 years and a (PA 328) tax abatement for up to 6 years by the City of Auburn Hills. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-164. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-165: Dynamic Captioning, LLC (DC)**

*Matt Partridge, MEDC Business Development Manager, provided background information and introduced the guest presenters; Dr. Jay Labine, Owner, DC; David Levitt, Site Consultant, Third Coast Development; Sue Jackson, Vice President Business Development, The Right Place; and Kara Wood, Economic Development, Grand Rapids.*

Dr. Labine thanked the Board and the MEDC. He talked about hiring 20 employees next week and 40 more over the next few years. Ms. Wood spoke about local tax abatement support. Ms. Jackson spoke about this company demonstrating the diversity of companies in Grand Rapids.

*Greg West, MEDC Project Specialist, provided additional information and recommendations.*

Mr. West spoke about the company's plan to invest approximately \$554,000 and create 40 jobs with an average weekly wage of \$617.

**Recommendation:** MEDC Staff recommends a 75 percent high-technology employment tax credit for 5 years for up to 40 net new employees in excess of the company's established base of 0, subject to the following: the company must create and maintain a minimum of 26 new employees by the end of the second year. Failure to do so will result in the remaining years being forfeited.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 328) tax abatement for 5 years by the City of Grand Rapids. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-165. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-166: EOVACTIONS, LLC**

*Brenda Flory, MEDC Business Development Manager, provided background information and introduced the guest presenters; Dave Tutas, Counsel, Eovations, LLC; Steve Black, Deputy City Manager of Community Development; and Fred Hollister, CECD, President and CEO, Bay Future, Inc.*

Mr. Tutas spoke about the background of the company and its focus on synthetic wood alternative as their primary product that doesn't rely on a wood flour—but polymers instead. He talked about its properties and how it doesn't splinter, scratch, or stain. He said, "Anywhere wood is used this can be substituted." Mr. Hollister thanked the MEDC and talked about site research taking 18 months. Treasurer Kleine asked if the product was just for new homes. Mr. Tutas further explained that the product could be used on new or existing homes—even the siding market. Mr. Buckler asked if the scrap could be reused. Mr. Tutas stated, "Yes." Mr. Buckler spoke about the product saving a lot of trees.

*Phil Santer, MEDC Project Specialist, provided additional information and recommendations.*

Mr. Santer spoke about the company's plan to invest up to \$16 million and create up to 64 jobs with an anticipated weekly wage of \$1,294.

**Recommendation:** MEDC Staff recommends a 75 percent high-technology employment tax credit for 5 years for up to 40 net new employees in excess of the company's established base of 0, subject to the following: the company must create and maintain a minimum of 26 new employees by the end of the second year. Failure to do so will result in the remaining years being forfeited.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 198) tax abatement for 12 years by the City of Bay City. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-166. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-167: P-3 North America, Inc. (P-3)**

*Jerome Katz, MEDC Business Development Manager, provided background information and introduced the guest presenters; Priya Playle, North America Principal; Ben Began, North America Controller; and Pamela Valentik, Economic Development Specialist, City of Troy.*

Ms. Playle spoke about the company's background and its expanded customer base over the last 5 years. She mentioned that Michigan has been a fantastic place to grow roots and thanked all parties involved. Ms. Valentik talked about the company being a highly technical and fast growing company with a number of awards. She added the city planned on passing tax abatements next month.

*Joe Quick, MEDC Project Specialist, provided additional information and recommendations.*

Mr. Quick spoke about the company's plan to invest approximately \$332,000 and create up to 65 jobs with an anticipated weekly wage of \$1,255.

**Recommendation:** MEDC Staff recommends a 75 percent high-technology employment tax credit for 5 years for up to 65 new net employees in excess of the company's established base of 44.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 198) tax abatement for up to 3 years by the City of Troy. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-167. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-168: Roush Cleantech, LLC (RC)**

*Jeff Sand provided background information and introduced the guest presenters; Dean Massab, Vice President, Sales and Marketing, Roush Enterprises, LLC; Joseph Thompson, President, Roush Cleantech, LLC; and Jeff Bryant, Plymouth Charter Township.*

Mr. Massab thanked the Board. Mr. Thompson spoke about servicing the alternative engine fuel solutions RC is focused on including, but not limited, to propane and natural gas. He spoke about a significant amount of the world already adopting propane engines and how the U.S. is an underserved and untapped market. Mr. Bryant talked about the local community supporting the project with a tax abatement. Treasurer Kleine spoke about T. Boone Pickens push for the U.S. to use more natural gas and asked what the reasoning was behind it. Mr. Thompson explained that when you extract natural gas there is a liquid by product which can be processed into propane. Propane is also more easily adaptable under less pressure with a 40% less acquisition cost than natural gas and less cost for a propane infrastructure. Mr. Thompson pointed to those reasons for why the rest of the world has adopted propane technologies.

*Robert Wilson, MEDC Project Specialist, provided additional information and recommendations.*

Mr. Wilson spoke about the company's plan to invest approximately \$2.1 million and create up to 54 jobs with an anticipated weekly wage of \$1,157.

**Recommendation:** MEDC Staff recommends a 7 year high-technology employment tax credit for this project. The credit percentage will be 200% for years 1-3 and 100% for years 4-7 for up to 54 net new employees in excess of the company's established base of 1275.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed High-Tech MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 198) tax abatement for up to 12 years by the Plymouth Charter Township. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-168. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**PROPOSED STANDARD MEGA CREDITS:**

**Resolution 2010-169: Dematic Corp.**

*Matt Partridge, MEDC Business Development Manager, provided background information and introduced the guest presenters; Dan Killeen, Executive Vice President and CFO, Dematic Corp.; Matt Carlson, Accounting Manager, Dematic Corp.; Sue Jackson, Vice President of Business Development, The Right Place, Inc.; Kara Wood, Economic Development Director, City of Grand Rapids.*

Mr. Killeen spoke about the company and its conveyors that literally take things from point A to point B and its software being used in a variety of areas including military—plus the addition of new jobs in Michigan. Ms. Wood talked about local support in the form of a tax abatement. Ms. Jackson talked about this being one more beautiful thing in Michigan. Treasurer Kleine asked about the unusually high job creation number being realistic. Mr. Killeen confirmed it was. Mr. Buckler spoke about subcontracting for Dematic Corp. and asked if they would stay in the airport business. Mr. Killeen spoke about Siemens taking the airport side of things several years ago.

*Joe Quick provided additional information and recommendations.*

Mr. Quick spoke about the company's plan to invest approximately \$10.9 million and create up to 505 jobs over the next five years with an anticipated weekly wage of \$872.

**Recommendation:** MEDC Staff recommends a 100 percent standard employment tax credit for 5 years for up to 505 net new employees in excess of the company's established base of 791.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 328) tax abatement from the City of Grand Rapids. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-169. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

#### **Resolution 2010-170: EnovateIT, LLC**

*Clarinda Barnett-Harrison, MEDC Business Development Manager, provided background information and introduced the guest presenters; Fred Calero, President and COO, EnovateIT, LLC; Jim Paquet, Wayne County; and Debbie Honsowitz, Charter Township of Canton.*

Mr. Calero thanked the Board for considering the project. He spoke about the “terrific people” being the reason why Michigan was the place for EnovateIT, LLC. Ms. Honsowitz talked about local support for the project. Mr. Paquet thanked the MEDC and the Board. Treasurer Kleine asked for more detail about why Michigan was chosen. Mr. Calero spoke about his son at MSU and stated Michigan is better because high quality people are available.

*Marcia Gebarowski provided additional information and recommendations.*

Ms. Gebarowski spoke about the company's plan to invest approximately \$4 million and create up to 160 jobs over the next five years with an anticipated weekly wage of \$558.

**Recommendation:** MEDC Staff recommends a 100 percent standard employment tax credit for 6 years for up to 160 net new employees in excess of the company's established base of 78 contingent upon the following: EnovateIT, LLC must create and maintain 157 qualified new jobs by the end of the fifth year. Failure to do so will result in the forfeiture of the sixth credit year.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a tax abatement from Canton Charter Township. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-170. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

#### **Resolution 2010-171: Mountain Valley Recycling, LLC (MVR)**

*Bruce Seymore, MEDC Business Development Manager, provided background information and introduced the guest presenters; Ronald Whaley, CEO; MVR; Reni George, Managing Partner, Cypress Cove Capital Advisers LLC; Ted Whaby, Macomb County Treasurer; Donald Morandini, Deputy Director, Department of Planning and Economic Development, Macomb County; Mayor Richard Notte, Mayor, City of Sterling Heights; and Mark Vanderpool, City Manager, City of Sterling Heights.*

Mr. Whaley thanked the MEDC and spoke about sustainable virgin-plastic resins potentially saving 550 thousand barrels per a given period of time. Mayor Notte thanked the company for choosing the city. Mr. Vanderpool spoke about his enthusiasm for the state of the art green technology and potentially 400 new jobs, then he thanked the MEDC and the Board. Mr. Morandini spoke about this being an example of not even considering an investment and then, with the right team and information, here is a project before the Board. Mr. Buckler questioned that the resins are totally virgin. Mr. Whaley confirmed that they were and furthermore that

they've been approved by the FDA for food purposes. Mr. Buckler asked about specifics but the company declined to speak publicly on specifics.

*Joe Quick provided additional information and recommendations.*

Mr. Quick spoke about the company's plan to invest approximately \$29.5 million and create 396 jobs over the next five years with an anticipated weekly wage of \$590.

**Recommendation:** MEDC Staff recommends a 100 percent standard employment tax credit for 7 years for up to 396 net new employees in excess of the company's established base of 0 contingent upon the following: the company must create and maintain 300 jobs by the end of year three of the credit. Failure to do so will result in the tax credit being forfeited for future years that the threshold is not met.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 198) tax abatement for up to 12 years from the City of Sterling Heights. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-171. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

#### **Resolution 2010-172: Yanfeng USA Automotive Trim Systems, Inc. (Yanfeng)**

*Michelle Elder provided background information and introduced the guest presenters; Doug Knoll, Senior Quality and Manufacturing Engineering Manager; Bob Tess, Macomb County; and Tony Forlini, Township Supervisor.*

Mr. Knoll thanked all parties involved then spoke briefly on the company's purpose and 5 product lines and their hope to expand into North America. Tony Forlini thanked the Board and spoke about this being a major investment into the community. Mr. Tess talked about being honored that Yanfeng chose Michigan. He then thanked the MEDC, especially, Michelle and Ken.

*Ken Murdoch, MEDC Project Specialist, provided additional information and recommendations.*

Mr. Murdoch spoke about the company's plan to invest approximately \$17 million and create 131 jobs over the next five years with an anticipated weekly wage of \$629.

**Recommendation:** MEDC Staff recommends a 75 percent standard employment tax credit for 7 years for up to 131 net new employees in excess of the company's established base of 18.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 198) tax abatement for 12 years from the Charter Township of Harrison. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-172. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

#### **Resolution 2010-173: Chrysler Group LLC**

*Christine Roeder, MEDC Business Development Manager, provided background information and introduced the guest presenters; Brian Glowiak, Head of State Government Affairs, Chrysler Group LLC; Jason Cooper, Sr. Manager, State and Local Taxes, Chrysler Group LLC.; Donald Morandini, Deputy Director, Department of Planning and Economic Development, Macomb County; Mayor Richard Notte, Mayor, City of Sterling Heights; and Mark Vanderpool, City Manager, City of Sterling Heights. Ms. Roeder also recognized other community representatives (not seated at the table); Deanna Koski, Council Member, City of Sterling Heights; Maria Schmidt, Council Member, City of Sterling Heights; Luke Bonner, Economic Development Manager, City of Sterling Heights; and Barb Ziarko, Council Member, City of Sterling Heights.*

Mr. Glowiak spoke about a \$1 billion investment into the Sterling Heights Assembly Plant (“SHAP”) project and thanked the Board in advance for helping to make the project possible. Mayor Notte expressed his thanks on behalf of the city and jested that the money invested in the SHAP project, “...is more money than basketball players make.” He reiterated that this plant was going to be closed and that would have had devastating repercussions on the community. Treasurer Kleine stated that this was another win over Ohio. Mr. Glowiak spoke about the state, county and city combined to make a strong business case.

*Phil Santer provided additional information and recommendations.*

Mr. Santer spoke about the company’s plan to invest approximately \$1 billion and estimated that the SHAP facility will retain 20,000 jobs in the state over the next five years with an anticipated average weekly wage of \$1,040.

**Recommendation:** MEDC Staff recommends a 100 percent retention employment tax credit for 20 years for the 20,000 retained employees in Michigan. The company must meet the following requirements to access the credit; failure to do so will result in the credit not being available that tax year: the company must maintain at least 7,200 full-time employees within the state of Michigan, including 4,275 full-time employees at their headquarters in the City of Auburn Hills; the company must make an initial investment of \$360 million to activate the credit; the company may not earn credit on wages greater than \$55,000 for employees located at the headquarters in the City of Auburn Hills; and the company must set aside existing MEGA Tax Credits upon activation of this credit.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of 6 year (PA 198 & PA 328) tax abatements from the City of Sterling Heights. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-173. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-174: Ford Motor Company (Ford)**

*Aaron Young, MEDC Business Development Manager, provided background information and introduced the guest presenters; Curt Magleby, Director U.S State and Local Government Relations, Ford; Gabby Bruno, Regional Governmental Affairs Manager, Ford; Charlie Pryde, Governmental Relations Manager, Ford; Donald Morandini, Deputy Director, Department of Planning and Economic Development, Macomb County; Mayor Richard Notte, Mayor, City of Sterling Heights; and Mark Vanderpool, City Manager, City of Sterling Heights.*

Mr. Magleby spoke directly to Treasurer Kleine’s earlier question, “Why Michigan?”, by citing the state is competitive with other states and even other countries. He also pointed out that there is a strong public/private partnership which helps the return on Ford’s scarce available capital. Mr. Magleby stated that Michigan is Ford’s center of manufacturing. He thanked the Board and the MEDC. Mayor Notte thanked Ford for choosing the city for the project and spoke about how he had personal connection with this project—having worked at the axle plant from 1959-2004. Mr. Vanderpool thanked Ford and spoke about the community’s plan to support the project. Mr. Morandini stated that Macomb County is appreciative of Ford’s investment and all parties who contributed to the project. Mr. Pryde thanked the Board for their consideration. Treasurer Kleine said that in his experience at the state level Ford has always had a great relationship with the state. Mr. Main jested, “It looks like it’s Mayor Notte for life.”

*Josh Hundt, MEDC Senior Project Specialist, provided additional information and recommendations.*

Mr. Hundt spoke about the company’s plan to invest approximately \$850 million and estimated that Ford would retain up to 28,000 jobs in the state over the next five years with an anticipated average weekly wage of \$760.



**Recommendation:** MEDC Staff recommends a 100 percent retention employment tax credit for 15 years for up to 28,000 retained employees in Michigan. The company must meet the following requirement to access the credit, failure to do so will result in the credit not being available that tax year: the company must maintain a statewide threshold, not including the facilities associated with the Electrification MEGA Credit #538, of at least 14,400 full-time employees within the State of Michigan, including 8,900 full-time salaried employees; the company may not earn credit on wages greater than \$75,000 per year, plus a 4% annual inflation adjustment, for salaried employees; the company must set aside all existing MEGA Credits upon activation of this MEGA Tax Credit, with the exception of the Electrification MEGA Tax Credit #538; except as noted in the following, Investment for this credit cannot occur at any location included in the electrification credit #538, which includes the following locations: Michigan Assembly Plant – Michigan Truck; Michigan Assembly Plant – Wayne Assembly; Michigan Assembly Plant – Wayne Stamping; Van Dyke Transmission; Product Development Center; Rawsonville. Beginning January 1, 2013 investment for this credit will be allowed at the Van Dyke Transmission facility. All other electrification MEGA credit facilities will remain exempt from eligible investment. MEGA credit #538 will be amended to reflect this change in eligible investment.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there was one contingency—approval of a (PA 198) tax abatement from the City of Sterling Heights. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-174. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

#### **PROPOSED TECHNOLOGY COLLABORATION CREDIT:**

##### **Resolution 2010-175: Powertrain Integration, LLC (PI)**

*Michael Hagen, MEDC Industry Business Development Manager, provided background information and introduced the guest presenters; Robert Pachla, President, PI; Ed Garda, Senior Engineering Manager PI; and Richard Swortzel, President, New Eagle – Eligible Business.*

Mr. Pachla talked about sparking alternative fuel technology using a new controller to expand into propane and natural gas. Mr. Swortzel spoke about this being the next step towards electric alternative fuel engines. Mr. Buckler asked about the potential of hydrogen. Mr. Garda confirmed that was a good possibility after propane and natural gas.

*Stacy Bowerman provided additional information and recommendations.*

Ms. Bowerman spoke about the company's planned initial investment of approximately \$2 million and estimated that New Eagle would create 15 jobs beginning in 2012 with PI anticipating 18 additional jobs upon full commercialization of the project.

**Recommendation:** MEDC Staff highly recommends approval of a Technology Collaboration Credit of 30 percent of its eligible investment not to exceed \$300,000, for New Eagle, LLC based on an eligible investment of \$2 million.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Standard MEGA Credit and recommends approval. Ms. Campbell pointed out that there were no contingencies and gently reminded the company that they must take the credit by the end of the year. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-175. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

## **PROPOSED MEGA AMENDMENTS:**

### **Resolution 2010-176: Arbor Networks, Inc.**

*Jonathan Younkman, MEDC MEGA Program Specialist/Team Leader, provided background information and recommendations.*

Mr. Younkman spoke about the company not being able to utilize their tax credit for a variety of factors.

**Recommendation:** MEDC Staff recommends that the anniversary date be extended to March 31, 2011 to allow the company to grow and expand in Michigan and realize MEGA credits for future years. This anniversary date extension will result in the loss of the MEGA credit for tax years ending December 31, 2009 and 2010.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-176. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

### **Resolution 2010-177: ESI North America, Inc.**

*Jonathan Younkman provided background information and recommendations.*

Mr. Younkman spoke reiterated the briefing memo and talked about a merger that took place and how the company is on track with their current MEGA project.

**Recommendation:** MEDC Staff recommends that Resolution 2009-091 be amended to increase the Base Employment Level from 32 to 57 due to the Mindware Engineering, Inc. acquisition. All other terms and conditions of the credit remain unchanged. Additionally, qualified new jobs will continue to be created under ESI North America, Inc. and not Mindware Engineering, Inc.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-177. Ms. Mester seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

### **Resolution 2010-178: General Motors LLC (GM)**

*Bruce Seymore, MEDC Business Development Manager, provided background information and introduced the guest presenters; Eric Henning, GM; Troy Kennedy, GM; and Candace Butler, GM.*

Ms. Butler thanked Gov. Granholm, Greg Main and the MEDC. She spoke about two facilities that weren't included in the original Global Retention MEGA credit. Ms. Butler concluded by thanking Amy Deprez, Bruce Seymore, and Josh Hundt from the MEDC and said, "this is another big day for the State of Michigan". Mr. Henning thanked and commended the MEDC staff for their efforts in a short time frame. Mr. Main expressed his appreciation of the "very cooperative partnership" Michigan has with GM.

*Josh Hundt provided additional information and recommendations.*

Mr. Hundt spoke about the company's amended project expected to see \$2.5 billion in capital investment and the retention of up to 30,000 employees over the course of the tax credit with an average weekly wage of \$650.

**Recommendation:** MEDC Staff recommends the following amendments to the up to 100% Retention MEGA tax credit, for 20 years: increase the maximum retained jobs by 9,000, allowing for up to 30,000 retained jobs to be covered under this tax credit; amend the project sites to allow for any facility in Michigan, with exception to the GM Technical Center – except for

the Battery Lab and the Manufacturing Validation Center which will be allowed; amend the minimum number of jobs to be held in Michigan from 8,000 to 14,600, including 7,900 salaried positions; amend the required number of employees, including GM full-time employees, shared services and contract employees, to be housed at the Detroit Renaissance Center from 2,000 to 4,000 employees; amend the maximum credit allowed for the Detroit Renaissance Center portion of the credit to \$75 million, an increase of \$25 million; and all other aspects of the previously approved and amended tax credit will remain the same.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Ms. Corbin made a motion for approval of Resolution 2010-178. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-179: General Motors Subsystems Manufacturing LLC (GM Subsystems)**

*Josh Hundt provided recommendations.*

**Recommendation:** MEDC Staff recommends to the up to 100% Retention MEGA tax credit, for 20 years: increase the maximum retained jobs by 150, allowing for up to 290 retained jobs to be covered under this tax credit; and all other aspects of the previously approved and amended tax credit will remain the same.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-179. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-180: Hyundai America Technical Center, Incorporated**

*Jonathan Younkman provided the background (further explained in the briefing memorandum) and recommendations.*

**Recommendation:** MEDC Staff recommends that the Base Employment Level be correctly set at 28 and that this change be effective beginning Tax Year ending December 31, 2006. All other terms and conditions of the credit remain unchanged.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-180. Ms. Mester seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-181: Mando America Corporation**

*Jonathan Younkman provided the background (further explained in the briefing memorandum) and recommendations.*

**Recommendation:** MEDC Staff recommends that the Base Employment Level be correctly set at 39 and that this change take effect October 24, 2008. All other terms and conditions of the credit remain unchanged.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of**

**Resolution 2010-181. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-182: Oasis Advanced Engineering, Inc.**

*Jonathan Younkman provided the background (further explained in the briefing memorandum) and recommendations.*

**Recommendation:** MEDC Staff recommends that the Company be given until November 16, 2010 to execute its MEGA Credit Agreement and grant the Company a Look Back provision to allow the jobs created on or after August 18, 2010, be counted as Qualified New Jobs. All other terms and conditions of the original credit remain the same.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-182. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-183: Saint-Gobain Performance Plastics Corporation (SGPPC)**

*Joe Quick provided the background (further explained in the briefing memorandum) and recommendations.*

**Recommendation:** MEDC Staff recommends that SGPPC's base employment number be amended from its previous number of 157 to 97 full-time positions.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Garcia made a motion for approval of Resolution 2010-183. Mr. Herman seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**ADMINISTRATION:**

**Resolution 2010-184: Delegation of Authority**

*Karla Campbell provided the background (further explained in the briefing memorandum) and recommendations.*

**Recommendation:** MEDC Staff recommends that the MEGA Board delegate to the MEGA Secretary the authority to make all decisions and proceed to sign, if necessary, all final documents for the matters following: Addition of a Related Entity for Base Purposes: The addition of a related entity that is in existence and operational in Michigan for purposes of maintaining the base employment level for the Project (as defined by resolution), but not for Qualified New Job purposes. Modification of Year Eligible to Receive a Tax Credit: Modifying the beginning year prospectively for no more than one year that a company is eligible to receive a tax credit and adjusting the remaining years accordingly. Modification of Project Location: Modifying the project location provided that the location change is within the same taxing jurisdiction and no other changes are being made to the Project (as defined by resolution), except for those permitted by delegated authority. Transferring the Tax Credit: Transferring the credit provided that the transferee submits the appropriate documents and assumes all the duties and responsibilities of the company and all other aspects of the Project (as defined by resolution) remain the same and that the transferee is a related company to the transferor. In addition, MEDC Staff recommends that if a company authorized to receive a tax credit by the MEGA Board changes its name or its Employer Identification Number ("EIN"), or a combination of both, approval is not required by the MEGA Board, but notice of the name change or EIN

change must be provided to the MEGA Secretary MEDC Staff proposes presenting quarterly reports to the MEGA Board summarizing the actions taken and notices received during the previous quarter in respect of the matters described above. The authority to exercise this delegation is at the option of the MEGA Board Secretary, and delegated authority on individual projects may still be referred to the MEGA Board by the MEGA Board Secretary.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Herman made a motion for approval of Resolution 2010-184. Mr. Garcia seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**Resolution 2010-185: Revocation of Credits**

*Karla Campbell provided the background (further explained in the briefing memorandum) and recommendations.*

**Recommendation:** MEDC Staff recommends that the MEGA Board revoke the aforementioned (in the resolution) MEGA awards, thereby allowing the MEGA Board to recapture the 113.4 years necessary to calculate 75.6 additional years allowed under the statute for additional MEGA credits in 2010.

**Board Discussion:** Mr. Garcia gave the Executive Committee report. The MEGA Executive Committee reviewed the proposed Amendment and recommends approval. Ms. Campbell pointed out that there were no contingencies. Treasurer Kleine asked if there were any questions from the Board. Being none, **Mr. Buckler made a motion for approval of Resolution 2010-185. Ms. Corbin seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused; 1 absent.

**ADJOURNMENT:** Greg Main thanked everyone for attending. The meeting was adjourned by Treasurer Kleine at 12:19 p.m.